

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING  
OCTOBER 23, 2013  
APPLICATION SUMMARY**

**NAME OF PROJECT:** Baptist Plaza Surgicare

**PROJECT NUMBER:** CN1307-029

**ADDRESS:** Northeast Corner of 20th Avenue N and Church St.  
Nashville (Davidson County), Tennessee 37203

**LEGAL OWNER:** Baptist Plaza Surgicare, LP  
2011 Church Street, Plaza I, Lower Level  
Nashville (Davidson County), Tennessee 37236

**OPERATING ENTITY:** United Surgical Partners International, Inc.  
8 Cadillac Drive, Suite 200  
Brentwood (Williamson County), TN 37027

**CONTACT PERSON:** M. Corey Ridgeway  
(615) 376-7300

**DATE FILED:** July 15, 2013

**PROJECT COST:** \$29,836,377

**FINANCING:** Cash Reserves, Commercial Loan, and Building Lease  
that includes Tenant Improvement Allowances

**PURPOSE OF REVIEW:** Relocation and replacement of an existing  
Ambulatory Surgical Treatment Center (ASTC)

**DESCRIPTION:**

Baptist Plaza Surgicare is seeking approval for the relocation of an existing ASTC located at 2011 Church Street, Medical Plaza I Lower Level, Nashville (Davidson County) to a 28,500 square foot leased medical building to be constructed one-half block away at the northeast corner of the intersection of Church Street and 20<sup>th</sup> Avenue North, Nashville (Davidson County). There will be no change in the existing surgical complement of nine (9) operating rooms and one (1) procedure room.

**SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW****CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS**

*The following apply:*

For relocation or replacement of an existing licensed health care institution:

- a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

**Renovation**

*The following facility life/safety deficiencies are identified in the application:*

- *During power outages the facilities' emergency generator spreads fumes throughout the ASTC.*
- *A Tennessee Department of Health, Division of Health Care Facilities 2009 survey report noted the facility failed to maintain the Heating Ventilation and Air-Condition (HVAC) system as required. In supplemental response #2, it is noted the life safety code issues have not been satisfactorily resolved by the property manager since 2009 and that diesel fumes continue to infiltrate the ASTC's ventilation system from the entrance/loading dock at least twice a month.*
- *Renovations to the existing facility would require the closure of the ASTC for several months and would only correct deficiencies to the mechanical (HVAC and electrical) systems*

**Relocation**

*A complete rebuild is needed for the following reasons:*

- *To replace the current inefficient facility linear design with a more efficient rectangular design*
- *To expand four (4) of the nine (9) operating rooms to 480 square feet to better accommodate staff and equipment associated with more complex surgical cases*
- *The cost for the proposed relocation compares favorably to similar projects.*

*It appears that this criterion has been met.*

- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

**Baptist Plaza Surgicare**

**CN1307-029**

**October 23, 2013**

**PAGE 2**

The applicant reports the following:

- Baptist Plaza Surgicare Historical utilization - 2010-9,427 surgical cases; 2011-9,171 surgical cases; 2012-8,215 surgical cases
- Projected Surgical case utilization: Year One- 8,493 surgical cases; Year Two- 8,578 surgical cases

*It appears that this criterion has been met.*

### **Staff Summary**

*The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics.*

Baptist Plaza Surgicare proposes to move across the street from Nashville's Baptist Hospital along Church Street to a new location also across the street from Baptist Hospital, but along 20th Avenue North. The current seven county service area will remain unchanged.

The proposed project consists of moving to 25,141 square feet space located on the first floor of a newly constructed medical office building. Currently, the applicant has the following operating room complement at their existing location:

- seven (7) operating rooms (ORs) consisting of 400 square feet ,
- one (1) OR with 460 SF,
- one (1) OR with 470 SF and
- one (1) procedure room (PR) with 400 SF

After the proposed project is completed, the applicant will have the following operating room complement:

- four (4) ORs with 400 SF
- one (1) OR with 475 SF
- four (4) ORs with 480 SF, and
- one (1) PR with 400 SF

Please refer to the square footage and cost per square footage chart on page 000011 of the original application for more details.

An overview of the project is provided on pages 000008-000009 of the original application.

The applicant seeks to begin the use of the new surgical suite in February 2015.

### **Ownership**

Baptist Plaza Surgicare, L.P. is an active Tennessee registered Limited Partnership which was formed on January 31, 2002. Baptist Plaza Surgicare, L.P. is a joint venture owned by Saint Thomas Health and United Surgical Partners International, Inc. which together holds 61.33% ownership. The remaining 38.67% is owned by member physicians including Elrod Burton, MD with 6.91%. No other entities own 5% or more of Baptist Plaza Surgicare, L.P. An organizational chart is included in Attachment A.4.

The joint venture owns and operates fourteen (14) surgery and endoscopy centers in the Middle Tennessee area, including six (6) in Davidson County, three (3) in Rutherford County, two (2) in Wilson County and one (1) each in Coffee, Sumner and Williamson Counties.

### **Facility Information**

- The total square footage of the proposed project is 25,141 square feet. A floor plan drawing is included in Attachment B.IV. – Floor Plan.
- Pre-op cubicles will increase from 12 to 13, post anesthesia care unit cubicles will increase from 10 to 18, and private rooms from 2 to 3.
- The ASTC's operating hours at the relocated site will be 6:00 a.m. to 5:00 p.m., Monday-Friday.

### **Service Area Demographics**

Baptist Plaza Surgicare's declared service area is Davidson, Cheatham, Robertson, Rutherford, Sumner, Williamson and Wilson counties.

- The total population of the seven (7) county service area is estimated at 1,532,667 residents in calendar year (CY) 2013 increasing by approximately 7.0% to 1,640,118 residents in CY 2017.
- The overall statewide population is projected to grow by 3.7% from 2013 to 2017.
- The latest 2013 percentage of seven (7) county service area population enrolled in the TennCare program is approximately 14.3%, as compared to the statewide enrollment proportion of 18.3%.
- All counties except for Davidson with 18.4% were below the TennCare statewide enrollment percentage of 18.3%. Williamson County reflected the lowest proportion of total population enrolled in TennCare at 4.2%.

**Baptist Plaza Surgicare**

**CN1307-029**

**October 23, 2013**

**PAGE 4**



## Historical and Projected Utilization

*Note to Agency members: There are slight variations in different sections of the application of historical and projected surgical cases. These variations are explained in an email from a representative of the applicant as follows:*

*There is some slight rounding error associated with the three-step projection process. These minor variations are explained as follows.*

*Step 1. The volume projections in the Need Section (Application page 32) are based upon historical volumes at Baptist Plaza (total facility, all surgical specialties combined) increased by the service area population growth rates. This gives us an overall target projection for Year 1 (2015) and Year 2 (2016).*

*Step 2. In order to produce the required specialty case detail table (Application page 32, totals 8,492 in Year 1), the total facility case projections were then broken out by eight surgical specialties and 59 individual surgeons based on historical distributions at Baptist Plaza modified for expected practice pattern changes.*

*Step 3. A sophisticated pro forma financial model developed by USPI is used as the basis for the Projected Data Chart (Application page 41). Historical physician- and specialty-level volumes (each specialty with its own gross and net revenue profiles, etc.) are projected forward by individual physician growth rates.*

*This three-step projection model results in some very minor rounding errors in trying to "harmonize" the output from one step with the input to the next step, etc. Some very slight rounding occurs in the process of projecting "whole" patient numbers.*

The utilization table below reflects the following:

- There was a 17.2% decrease in surgical cases at Baptist Plaza Surgicare from 2009 to 2012.
- Operating rooms experienced a 10.6% decrease in cases and procedure rooms a 69% decrease from 2009 to 2012

**Baptist Plaza Surgicare  
Historical and Projected Surgical Utilization**

	2009	2010	2011	2012	% Change 09-12	Year One 2015	Year Two 2016
<b>Operating Rooms (9)</b>	8,813	8,485	8,603	7,875	-10.6%	8,084	8,173
<b>Procedure Rooms (1)</b>	1,109	942	568	340	-69%	404	408
<b>Total Rooms (10)</b>	9,922	9,427	9,171	8,215	-17.2%	8,488	8,581
<b>*Operating Room Utilization</b>	77.5%	74.6%	75.7%	69.3%		71.1%	71.9%
<b>*Procedure Room Utilization</b>	41.6%	35.3%	21.3%	12.7%		15.1%	15.3%

*Source Internal Records*

*\*Note to Agency members: Utilization percentages in the above table are based on and should be assessed by the following definitions in the State Health Plan pertaining to ASTC criteria and standards:*

*Full Capacity-Operating Rooms = 1,263 cases/room/year*

*Optimum Utilization = 70% of full capacity or 884 cases/room/year*

*Full Capacity-Procedure Rooms = 2,667 cases/room/year*

*Optimum Utilization = 70% of full capacity or 1,867 cases/room/year*

**Seven County Service Area Patient Utilization  
2009-2012 (Duplicated)**

	2009	2010	2011	2012	% change 09-12
<b>Operating Room Patients</b>	*	*	*	*	*
<b>Procedure Room Patients</b>	*	*	*	*	*
<b>Total Room Patients</b>	149,294	140,674	137,793	134,147	-10.1%

*Source: 2009-2012 ASTC JARs*

*\*ASTC JARs do not report patients by OR or Procedure room*

The above utilization table reflects the following:

- Overall, the seven county proposed service area experienced a 10.1% decrease in surgical cases from 2009 to 2012

### **Projected Specialty Mix (Year One)**

The expected physician specialty mix in Year One for Baptist Plaza Surgicare is reflected in the following chart.

Baptist Plaza Surgicare Specialty Mix  
Year One

Specialty	Physicians	Patients	*Pct Patients
Ophthalmology (non cataract)	15	1,291	15.2%
ENT	7	1,012	11.9%
General Surgery	11	1,308	15.4%
Gynecology	2	200	2.4%
Spine	2	123	1.4%
Orthopedics	10	3,270	38.5%
Pain Management	3	404	4.88%
Plastics	9	884	10.4%
Total	59	8,492	100.0%

*Source: Internal Records*

*\*Duplicated*

- Orthopedic patients will total 3,270 patients, or 38.5% all surgeries that will be provided in Year One.
- The next largest specialty utilizations are General Surgery (15.4%) and Ophthalmology (15.2%).
- The top five specialties: Orthopedics, General Surgery, Ophthalmology, ENT, and Plastic Surgery account for over 90% of the surgical utilization at the applicant ASTC.

### **Project Cost**

Major costs are:

- Construction, \$4,396,580 or 14.7% of total cost
- Facility Lease, \$21,288,796, or 71.3% of the total cost.

*Note to Agency members: The facility lease expense is based on 25,141 square feet for an initial term of 20 years. Agency Rule 0720-9-.01(4) (c) states "... ..In the case of a lease, the cost is the fair market value of the lease or the total amount of the lease payment, whichever is greater."*

- The total project cost is \$29,836,377.
- For other details on Project Cost, see the Project Cost Chart on page 37 of the application

The cost for the renovated area is \$174.88 per square foot. As reflected in the table below, the renovated construction cost is above the 3<sup>rd</sup> quartile of \$166 per square foot of statewide ASTC renovated construction projects from 2010 to 2012.

**Statewide  
ASTC Construction Cost Per Square Foot  
Years 2010-2012**

	Renovated Construction	New Construction	Total construction
<b>1st Quartile</b>	\$50/sq. ft.	\$200/sq. ft.	\$78/sq. ft.
<b>Median</b>	\$101/sq. ft.	\$253/sq. ft.	\$166/sq. ft.
<b>3rd Quartile</b>	\$166/sq. ft.	\$292/sq. ft.	\$244/sq. ft.

### Financing

As noted above the total project cost is \$29,836,377. The breakdown for the financing is as follows:

\$21,288,796-Lease Expense over 20 years- Paid as a monthly operating expense.

\$1,750,000- Cash Reserves of the Applicant

\$2,300,000-Commercial Loan from 1<sup>st</sup> Tennessee Bank-7 year term

\$1,425,000 (or \$50/SF)-Tenant Improvement Base Allowance by Landlord

\$3,135,000 (or \$110/SF) Tenant Improvement \*Excess Allowance by Landlord

\*(To be paid back by applicant at 8% over 20 years.)

**\$29,898,796-Total Funds Available**

The applicant only expects to use \$2,244,501 of the \$2,300,000 bank loan and \$1,743,080 of the allocated \$1,750,000 cash reserves (See additional information at the end of the application)

The applicant's unaudited financial statements for the period ending December 31, 2012 indicates \$1,477,090 in cash and cash equivalents, total current assets of \$4,268,460, total current liabilities of \$2,545,133 and a current ratio of 1.68:1.

Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

**Baptist Plaza Surgicare**

**CN1307-029**

**October 23, 2013**

**PAGE 8**

### Historical Data Chart

- Baptist Plaza Surgicare reported a net operating income of \$3,428,115 in its 2012 fiscal year period, a margin of approximately 4.6% of gross operating revenues.
- Gross Operating Revenue was reported as \$86,730,212 in 2010, \$79,302,661 in 2011 and \$74,812,810 in 2012.

### Projected Data Chart

The applicant projects \$77,009,859.00 in total gross revenue on 8,493 surgical cases during the first year of operation and \$77,779,958 on 8,578 surgical cases in Year Two (approximately \$9,067 per case). The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal \$3,194,996 in Year One increasing to \$3,264,559 in Year Two.
- Net operating revenue after bad debt, charity care, and contractual adjustments is expected to reach \$21,057,061 or approximately 27% of total gross revenue in Year Two.
- Due to internal data reporting systems, Baptist Plaza Surgicare could not break out the provisions for charity care from Contractual Adjustments and Provisions for Bad Debt. However, on page 6 of the supplemental response it is reported charity/medically indigent care has historically been provided at a rate of approximately 0.5% of net revenue.
- *HSDA staff calculates charity care at \$1,032,108 in Year One and \$1,052,853 in Year Two using a rate of 0.5% of net revenue.*
- *Charity Care calculates to approximately 116 surgical cases in Year Two.*

### Charges

In Year One of the proposed project, the average surgical case charges are as follows:

- The proposed average gross charge is \$9,067/ surgical case in 2015.
- The average deduction is \$6,636/surgical case, producing an average net charge of \$2,430/surgical case.

### Medicare/TennCare Payor Mix

- TennCare- Charges will equal \$1,155,148 in Year One representing 1.5% of total net revenue
- Medicare- Charges will equal \$16,865,159 in Year One representing 21.9% of total net revenue

**Staffing**

The staffing pattern will be unchanged at the new proposed location. The applicant's proposed direct patient care staffing in Year One includes the following:

- Forty-nine (49) Registered Nurses, and
- Twenty-six (26) Surgical Techs, and
- Fifteen (15) Medical Assistants

**Licensure/Accreditation**

Baptist Plaza Surgicare is licensed by the Tennessee Department of Health. The Tennessee Department of Health, Division of Health Care Facilities, West Tennessee Regional office conducted a recertification survey of Baptist Plaza Surgicare on April 25, 2012 and noted in a letter dated June 13, 2012 that the facility had achieved compliance with state and federal regulations. A copy of the survey is included in supplemental #1.

Baptist Plaza Surgicare is Joint Commission accredited. The most recent Joint Commission survey occurred June 5, 2013. The current Joint Commission certification expires June 2016.

*Corporate documentation, real estate lease, and detailed demographic information are on file at the Agency office and will be available at the Agency meeting.*

Should the Agency vote to approve this project, the CON would expire in two years.

**CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:**

There are no Letters of Intent, pending or denied applications, or outstanding Certificates of Need for this applicant.

*Saint Thomas Health has interest in this project and the following:*

**Pending Application**

**Saint Thomas Midtown Hospital, CN1307-028**, has a pending application that is scheduled to be heard at the December 18, 2013 Agency meeting. The application is for the modification of the hospital by replacing and relocating four (4) operating rooms. The estimated project cost is **\$11,499,496.00**.

Outstanding Certificates of Need:

**Premier Radiology-Edmondson Pike, CN1203-014A**, has an outstanding Certificate of Need which will expire on August 1, 2014. It was approved at the June 27, 2012 Agency meeting for the relocation of an existing outpatient diagnostic center from 4928 Edmondson Pike, Nashville (Davidson County), TN 37211 to 789 Old Hickory Blvd, Brentwood (Davidson County), TN 37027. The new ODC will occupy a newly constructed 5,320 square foot building. The estimated project cost is **\$4,005,878.00**. *Project Status: According to a 10/2/13 email from a St. Thomas representative, renovation of the cardiac surgery suite and upgrade to two hybrid operating rooms is complete as of the end of July 2013. The final project report is being prepared.*

**Middle Tennessee Imaging, LLC, d/b/a Premier Radiology - Mt. Juliet, CN1104-012A**, has an outstanding Certificate of Need which will expire on April 2, 2014. It was approved at the July 27, 2011 Agency meeting for establishment of an Outpatient Diagnostic Center (ODC) at 5002 Crossings Circle, Mt. Juliet including the initiation of MRI service. The facility will contain MRI, CT, nuclear medicine, ultrasound, and x-ray. The estimated project cost is **\$3,000,848.00**. *Project Status: A 10/4/13 email from a representative of the applicant indicated that the project was completed on October 1, 2012. The Final Project Report was recently filed.*

**Middle Tennessee Imaging, LLC, d/b/a St. Thomas Outpatient Imaging - Baptist, CN1108-031A**, has an outstanding Certificate of Need which will expire on January 1, 2014. It was approved at the November 16, 2011 Agency meeting for establishment of an Outpatient Diagnostic Center (ODC), initiation of magnetic resonance imaging (MRI) services and acquisition of an MRI scanner in leased space within an office building located on the campus of Baptist Hospital at 300 20th Avenue North, Suite 202, Nashville, TN 37205. The estimated project cost is **\$3,608,100.00**. *Project Status: This project was completed and began operation in June 2013. The Final Project Report was recently filed.*

**Middle Tennessee Imaging, LLC, d/b/a St. Thomas Outpatient Imaging - St. Thomas, CN1110-039A**, has an outstanding Certificate of Need which will expire on May 1, 2014. It was approved at the March 28, 2012 Agency meeting for the establishment of an Outpatient Diagnostic Center (ODC), initiation of Magnetic Resonance Imaging (MRI) services and acquisition of a 3.0 Tesla magnetic resonance imaging (MRI) scanner. The ODC, located at 4230 Harding Road, Suite 200, Nashville (Davidson County), Tennessee, will occupy approximately 7,737 sq. ft. of space leased within an existing medical office building on the campus of (and physically connected with) Saint Thomas Hospital. According to the applicant, upon completion of the project, Saint Thomas Hospital will

**Baptist Plaza Surgicare**

**CN1307-029**

**October 23, 2013**

**PAGE 11**

decommission an existing MRI in the hospital, thus the project will not result in any new MRI capacity in the market. The ODC's imaging modalities and their physical spaces will include one MRI room, one CT room, one ultrasound room, and two digital radiography/fluorography rooms. The estimated project cost is **\$4,171,160.00**. *Project Status: A 10/3/13 email from a representative of the applicant indicated that the architect is finishing up the final set of documents to go out to bid. Applicant expects to begin construction in early December 2013 and complete the project by the end of March, 2013.*

**Middle Tennessee Imaging, LLC, d/b/a St. Thomas Outpatient Imaging - Baptist, CN1112-052A**, has an outstanding Certificate of Need which will expire on May 1, 2014. It was approved at the March 28, 2012 Agency meeting for positron emission tomography (PET) services and acquisition of a PET/CT scanner in an outpatient diagnostic center (CN1108-031A) in leased space within an office building located on the campus of Baptist Hospital at 300 20th Avenue North, Suite 202, Nashville, TN 37203. The facility will augment diagnostic services currently provided by Baptist Hospital and will provide radiographic/fluoroscopic imaging, CT scanning, ultrasound imaging and MRI services. The estimated project cost is **\$4,180,545**. *Project Status: This project was completed and began operation in June 2013. The Final Project Report was recently filed.*

**Saint Thomas Hospital, CN1103-010A**, has an outstanding Certificate of Need which will expire on August 1, 2014. It was approved at the June 22, 2011 Agency meeting for the renovation of its eight existing cardiovascular operating rooms and adjacent support space comprised of 11,143 square feet of surgical suite space as part of routine facility refurbishment. Two operating rooms with state-of-the-art floor-mounted, multi-axis C-arm angiography systems (Siemens Artis zeego system) will be converted to two Hybrid Operating Suites of Hybrid ORs. The estimated project cost is **\$10,275,135.00**. *Project Status: According to a 10/2/13 email from a St. Thomas representative, renovation of the cardiac surgery suite and upgrade to two hybrid operating rooms is complete as of the end of July 2013. The final project report is being prepared.*

**Seton Corporation d/b/a Baptist Hospital, CN1106-020A**, has an outstanding Certificate of Need which will expire on November 1, 2014. It was approved at the September 28, 2011 Agency meeting to modify its existing facility through renovation of 44,400 square feet of its Cardiac and Medical Imaging Departments located on the hospital's second floor, and construction of a new 3,900 square foot exterior, elevated, connecting corridor. The application will not add new services, new major medical equipment, change the hospital's current 683 bed licensed bed complement or its bed configuration amongst inpatient services. The estimated project cost is **\$14,670,000.00**. *Project Status: According to a 10/2/13*

**Baptist Plaza Surgicare**

**CN1307-029**

**October 23, 2013**

**PAGE 12**



*email from a St. Thomas representative, the first phase of renovation is complete including constructing a new corridor on the second floor for access to the hospital. Renovation of the second floor space is underway with completion expected in December 2013.*

**Saint Thomas Hospital, CN1110-037A**, has an outstanding Certificate of Need which will expire on March 1, 2017. It was approved at the January 25, 2012 Agency meeting for construction of a three phase hospital construction project, including the renovation of 89,134 square feet of existing hospital space and the construction of a six level 135,537 sq. ft. patient tower to be adjoined to the hospital located at 4220 Harding Road, Nashville, TN. The services and areas affected include critical care, operating rooms, patient registration, patient admission and testing, surgery waiting, surgery pre/post-op, emergency department, chest pain clinic, cardiac short stay, PACU, cath lab holding and support space. Major medical equipment included in the project will include one additional GE Discovery CT750 HD 128-slice CT scanner. No additional services or licensed beds are being requested in the project. The estimated project cost is **\$110,780,000**. *Project Status update: According to a 10/2/13 email from a St. Thomas representative, Phase 1 of the project (renovations to the second floor of the hospital) is approximately 60% complete. Phase 2 work (new tower construction) is scheduled to begin mid-2014 and some Phase 3 work (reconfiguration of space that is not dependent on relocation of services to the new tower) is planned to start in the next several months. The overall project is expected to be complete in early 2017.*

*United Surgical Partners International has an interest in this project and the following:*

#### Outstanding Applications

**Franklin Endoscopy Center, CN1209-046A**, has an outstanding Certificate of Need that will expire on February 1, 2015. It was approved at the December 12, 2012 Agency meeting for the relocation of an existing single specialty ambulatory surgical treatment center (ASTC) limited to endoscopic procedures, located at 740 Cool Springs Boulevard, Suite 210B, Franklin (Williamson County), TN to 10,000 feet of newly constructed space located at 9160 Carothers Parkway, Franklin (Williamson County), TN. The proposed relocation site will be located 1.5 miles from the existing ASTC. The applicant is seeking the addition of two (2) multispecialty outpatient surgery operating rooms thereby converting a single-specialty (endoscopy) surgery center into a multispecialty surgery center. The estimated project cost is **\$ \$7,420,105.00**. *Project Status: According to a 10/08/13 email from a representative of the applicant this ASTC project involves the build out of surgery space in a new medical office building which must be constructed first. The base building foundation, structural steel and exterior shell are all in various stages of construction at this time. The interior space plans have been submitted for approval*

**Baptist Plaza Surgicare**

**CN1307-029**

**October 23, 2013**

**PAGE 13**

*(authorization expected any day), construction contract bids are due back 10/10/2013 and interior build out will begin shortly thereafter. The project is on schedule to be completed by its original February 2014 target date.*

**CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:**

There are no other Letters of Intent or denied applications for other health care organizations proposing this type of service.

**Pending Application**

**Vanderbilt University Hospitals, CN1309-034A**, has a pending application that is scheduled to be heard at the December 18, 2013 Agency meeting. The application is for the expansion and renovation to the existing third floor operating suite by four operating rooms and by providing shell space for future expansion of two additional operating rooms at 1211 Medical Center Drive, Nashville (Davidson County), TN. The estimated project cost is \$7,535,709.

**Outstanding Applications**

**Hendersonville Medical Center, CN1302-002A**, has an outstanding Certificate of Need that will expire on August 1, 2016. It was approved at the June 2, 2013 Agency meeting for the construction of a new 4<sup>th</sup> floor of medical/surgical beds and the initiation of neonatal intensive care services in a new 6 bed level II-B neonatal nursery on the main campus of Hendersonville Medical Center located in Hendersonville (Sumner County), TN. The hospital currently holds a single consolidated license for 148 general hospital beds, of which 110 are at its main Hendersonville campus and 38 are at its satellite campus at 105 Redbud Drive, Portland (Sumner County), TN. The project will relocate 13 beds from the satellite campus to the new campus, resulting in 123 licensed beds at the Hendersonville campus and 25 licensed beds at the Portland satellite campus. The estimated project cost is \$32,255,000.00. **Project Status:** *The project was recently approved.*

**Southern Sports Medicine Surgery Center, CN1204-019A**, has an outstanding Certificate of Need which will expire on May 1, 2015. It was approved at the September 26, 2012 Agency meeting for the relocation of an approved, but unimplemented Certificate of Need for the establishment of an ambulatory surgical treatment center and expansion of the designated use of its previously approved single specialty ASTC (CN1104-013A) to include multi-specialty services. The proposed project will relocate from 1163 Nashville Pike, Gallatin

**Baptist Plaza Surgicare**

**CN1307-029**

**October 23, 2013**

**PAGE 14**

(Sumner County), TN to 127 Saundersville Pike, Suite A, Hendersonville, (Sumner County), Tennessee. The estimated project cost is **\$3,355,533**. *Project Status: This project was originally scheduled to expire on November 1, 2014. The project was subsequently appealed but then voluntarily dismissed May 8, 2013 extending the expiration date to May 1, 2015. An October 3, 2013 email from a representative of the applicant indicated that they have contracted with a national architectural firm and a local engineering firm, both of whom have been working diligently on their parts of the project. They have a letter of intent from a builder. Their site plan and building plan have been approved by the city of Hendersonville. Some of the preliminary site work has already been done. Plans either have been or will soon be sent to the Department of Health for approval.*

**Williamson County Hospital District d/b/a Williamson Medical Center, CN1210-048A**, has an outstanding Certificate of Need that will expire on March 1, 2017. It was approved at the January 23, 2013 Agency meeting for the renovation of 37,355 SF and the expansion of 113,300 SF of an existing facilities' surgery suite and support areas. The project will increase operating rooms from 10 to 12, increase space for a dedicated pediatric ED, twelve (12) additional pediatric inpatient beds, four (4) pediatric observation beds and shelved space for future needs. The estimated project cost is **\$67,556,801.00**. *Project Status: In a report dated October 1, 2013, the applicant reports the project contractor has been chosen. In addition, the applicant is in the early stages of funding. The groundbreaking is scheduled for late November of this year.*

**PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.**

PME  
(10/8/13)

## **LETTER OF INTENT**



## LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Tennessean which is a newspaper of general circulation in Davidson, Tennessee, on or before July 10, 2013 for one day.

(County) (Month / day) (Year)

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency,

Baptist Plaza Surgicare an existing Ambulatory Surgical Treatment Center (ASTC)  
(Name of Applicant) (Facility Type-Existing)  
owned by: Baptist Plaza Surgicare, L.P. with an ownership type of limited partnership  
and to be managed by: United Surgical Partners International, Inc. intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]:

the relocation of the existing ASTC with nine (9) outpatient surgery operating rooms, and one (1) surgical procedure suite. Construction of approximately 28,500 rentable square feet of space in a new medical office building will be required. The existing facility is located at 2011 Church Street, Medical Plaza I Lower Level, Nashville, TN 37203 (Davidson County). The proposed facility will be located at the northeast corner of the intersection of Church Street and 20th Avenue North, Nashville, TN, 37203 (Davidson County). The total cost of the project is estimated to be \$29,836,377 (based upon sum of lease payments for initial 20 year term).

The anticipated date of filing the application is: July 15, 2013

The contact person for this project is Corey Ridgway Market President  
(Contact Name) (Title)

who may be reached at: United Surgical Partners International, Inc. 8 Cadillac Drive, Suite 200  
(Company Name) (Address)

Brentwood TN 37027 615-376-7300  
(City) (State) (Zip Code) (Area Code / Phone Number)

[Signature] 7/9/13 CRidgway@uspi.com  
(Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency  
The Frost Building, Third Floor  
161 Rosa L. Parks Boulevard  
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

# **ORIGINAL APPLICATION**

2013 JUL 15 PM 3 45

**BAPTIST PLAZA SURGICARE, LP**

**ASTC RELOCATION**

**CERTIFICATE OF NEED APPLICATION  
JULY 2013**

**SECTION A:****APPLICANT PROFILE**

Please enter all Section A responses on this form. All questions must be answered. If an item does not apply, please indicate "N/A." **Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment.**

**For Section A, Item 1, Facility Name must be applicant facility's name and address must be the site of the proposed project.**

**For Section A, Item 3, Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence, if applicable, from the Tennessee Secretary of State.**

**For Section A, Item 4, Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% or more ownership interest. In addition, please document the financial interest of the applicant, and the applicant's parent company/owner in any other health care institution as defined in Tennessee Code Annotated, §68-11-1602 in Tennessee. At a minimum, please provide the name, address, current status of licensure/certification, and percentage of ownership for each health care institution identified.**

**For Section A, Item 5, For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract.**

*Please describe the management entity's experience in providing management services for the type of the facility, which is the same or similar to the applicant facility. Please describe the ownership structure of the management entity.*

**For Section A, Item 6, For applicants or applicant's parent company/owner that currently own the building/land for the project location; attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements must include anticipated purchase price. Lease/Option to Lease Agreements must include the actual/anticipated term of the agreement and actual/anticipated lease expense. The legal interests described herein must be valid on the date of the Agency's consideration of the certificate of need application.**



1. <b><u>Name of Facility, Agency, or Institution</u></b>			
<u>Baptist Plaza Surgicare (now at 2011 Church Street, Plaza I, Lower Level, Nashville, TN 37203)</u>			
Name			
<u>Northeast Corner of 20<sup>th</sup> Avenue N and Church Street</u>		<u>Davidson</u>	
Street or Route		County	
<u>Nashville</u>		<u>TN</u>	<u>37203</u>
City		State	Zip Code
2. <b><u>Contact Person Available for Responses to Questions</u></b>			
<u>M. Corey Ridgeway</u>		<u>Market President</u>	
Name		Title	
<u>United Surgical Partners International, Inc.</u>		<u>cridgway@uspi.com</u>	
Company Name		email address	
<u>8 Cadillac Drive, Suite 200</u>		<u>Brentwood</u>	<u>TN</u> <u>37027</u>
Street or Route		City	State Zip Code
<u>Manager</u>		<u>615-376-7300</u>	<u>615-825-0024</u>
Association with Owner		Phone Number	Fax Number
3. <b><u>Owner of the Facility, Agency or Institution</u></b>			
<u>Baptist Plaza Surgicare, L.P.</u>		<u>615-515-4000</u>	
Name		Phone Number	
<u>2011 Church Street, Plaza I, Lower Level</u>		<u>Davidson</u>	
Street or Route		County	
<u>Nashville</u>	<u>TN</u>	<u>37236</u>	
City	ST	Zip Code	
<b>See Attachment A, 3 (Tab 1) – Corporate Charter documentation</b>			
4. <b><u>Type of Ownership of Control (Check One)</u></b>			
A. Sole Proprietorship	<u>          </u>	F. Governmental (State of TN or Political Subdivision)	<u>          </u>
B. Partnership	<u>          </u>	G. Joint Venture	<u>          </u>
C. Limited Partnership	<u>  X  </u>	H. Limited Liability Company	<u>          </u>
D. Corporation (For Profit)	<u>          </u>	I. Other (Specify) <u>          </u>	<u>          </u>
E. Corporation (Not-for-Profit)	<u>          </u>		

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS**

**See Attachment A, 3 (Tab 1) – Corporate Charter documentation**

**See Attachment A, 4 (Tab 2) – Organizational/Ownership Charts**

**See Attachment A, 4 (Tab 3) – Related Healthcare Institutions**

5. **Name of Management/Operating Entity (If Applicable)**United Surgical Partners International, Inc.

Name

8 Cadillac Drive, Suite 200

Street or Route

Brentwood

City

TN

ST

Williamson

County

37027

Zip Code

**PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

**See Attachment A, 5 (Tab 4) – Management Agreement.** The management company serves the facilities listed in Tab 3 as part of the Saint Thomas Surgery Center Network.

6. **Legal Interest in the Site of the Institution (Check One)**

- |                         |       |                    |          |
|-------------------------|-------|--------------------|----------|
| A. Ownership            | _____ | D. Option to Lease | <u>X</u> |
| B. Option to Purchase   | _____ | E. Other (Specify) | _____    |
| C. Lease of _____ Years | _____ |                    |          |

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

**See Attachment A, 6 (Tab 5) – Site Entitlement**

7. **Type of Institution (Check as appropriate--more than one response may apply)**

- |  |          |  |       |
|--|----------|--|-------|
| A. Hospital (Specify) Acute Care                                   | _____    | I. Nursing Home                        | _____ |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty    | <u>X</u> | J. Outpatient Diagnostic Center        | _____ |
| C. ASTC, Single Specialty  | _____    | K. Recuperation Center                 | _____ |
| D. Home Health Agency  | _____    | L. Rehabilitation Facility             | _____ |
| E. Hospice   | _____    | M. Residential Hospice                 | _____ |
| F. Mental Health Hospital  | _____    | N. Non-Residential Methadone Facility  | _____ |
| G. Mental Health Residential Treatment Facility                    | _____    | O. Birthing Center                     | _____ |
| H. Mental Retardation Institutional Habilitation Facility (ICF/MR) | _____    | P. Other Outpatient Facility (Specify) | _____ |
|  |          | Q. Other (Specify)                     | _____ |

8. **Purpose of Review (Check as appropriate--more than one response may apply)**

- |   |          |   |          |
|---|----------|---|----------|
| A. New Institution  | _____    | G. Change in Bed Complement   | _____    |
| B. Replacement/Existing Facility  | <u>X</u> | [Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation] |          |
| C. Modification/Existing Facility   | _____    |   |          |
| D. Initiation of Significant Health Care Service as defined in TCA § 68-11-1607(4) (Spec) | _____    | H. Change of Location   | <u>X</u> |
| E. Discontinuance of OB Services  | _____    | I. Other (Specify)  | _____    |
| F. Acquisition of Equipment   | _____    |   |          |

**9. Bed Complement Data***Please indicate current and proposed distribution and certification of facility beds.*

	<u>Current Beds</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
	<u>Licensed *CON</u>			
A. Medical	_____	_____	_____	_____
B. Surgical (General Med/Surg)	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	_____	_____	_____	_____
P. ICF/MR	_____	_____	_____	_____
Q. Adult Chemical Dependency	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____
<b>TOTAL</b>	_____	_____	_____	_____
*approved but not yet in service				

**RESPONSE:** Not applicable.

10. Medicare Provider Number 3288827  
Certification Type Outpatient Surgery Center
11. Medicaid Provider Number 3288827  
Certification Type Outpatient Surgery Center
12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? N/A

13. **Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes** If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or *plans to contract*.

***Discuss any out-of-network relationships in place with MCOs/BHOs in the area.***

**RESPONSE:** Baptist Plaza participates in the major TennCare MCOs serving the majority of the patients in the area: Americhoice and Amerigroup. In total, Baptist Plaza participates in approximately 44 managed care organizations/behavioral health organizations. Please see **Attachment A,13 (Tab 6)** for a list of managed care contracts in which Baptist Plaza participates.

**NOTE:** **Section B** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

#### **SECTION B: PROJECT DESCRIPTION**

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

**RESPONSE:** Please see the following executive summary.

**BAPTIST PLAZA SURGICARE, LP  
ASTC RELOCATION**

**EXECUTIVE SUMMARY**

Ownership. Baptist Plaza Surgicare, LP (Baptist Plaza) is a joint venture between Saint Thomas Health, United Surgical Partners International, Inc. and area physicians. The joint venture owns and operates 14 surgery and endoscopy centers in the greater Nashville area, including 6 in Davidson County, 3 in Rutherford County, 2 in Wilson County and 1 each in Coffee, Sumner and Williamson Counties.

On November 30, 2011, Baptist Plaza Surgicare acquired Nashville Endoscopy Center (NEC). NEC remains both a separate facility and a separately licensed facility from the Baptist Plaza facility. All data and references here to Baptist Plaza refer to the original single entity only, rather than the combined legal entity with NEC.

Services and Equipment. This project proposes the relocation of the existing Baptist Plaza ASTC to a new medical office building approximately one-half block from the current location. There will be no change in the existing complement of nine operating rooms and one procedure room. No major equipment is proposed. The existing space will revert back to Healthcare Realty Trust, presumably for medical-related uses.

Construction of approximately 25,141 square feet of usable space (28,500 rentable) will be required. An inefficient linear ("bowling alley") design will be replaced with a more efficient and more rectangular design. Four of the nine operating rooms will be expanded to 480 square feet to better accommodate staff and equipment associated with more complex surgical cases over the past ten years. Pre-op cubicles will be increased from 12 to 13. The post anesthesia care unit (PACU) cubicles will be increased from 10 to 18, and private rooms from 2 to 3.

Service Area. Baptist Plaza is currently located across the street from Baptist Hospital along Church Street. The proposed facility also will be located across the street from Baptist Hospital, but along 20<sup>th</sup> Avenue North. The proposed service area population will not change due to the close proximity of the relocation – approximately one-half block. Baptist Plaza has served and is projected to continue to serve residents of seven counties: Davidson, Cheatham, Robertson, Rutherford, Sumner, Williamson and Wilson.

Need. Approval of the Baptist Plaza relocation project will improve access to and the quality of cost-effective outpatient surgery services. The existing space is approximately 10 years old and was used previously as a hospital outpatient department.

- The facility project will improve patient accessibility by relocating from a congested lower level (basement) location to a new first floor location.
- Mechanical systems (HVAC and electrical) will be upgraded.
- An inefficient linear ("bowling alley") design will be replaced with a more efficient and more rectangular design.
- Four of the nine operating rooms will be expanded to 480 square feet to better accommodate staff and equipment associated with more complex surgical cases over the past ten years. Support areas will be expanded as well.

Whether counting operating rooms or patients served, Baptist Plaza is the largest and most highly utilized ASTC in the Nashville metropolitan area.<sup>1</sup> These types of extensive renovations to the existing space simply cannot be accomplished without shutting down the entire ASTC for several months. Thus, relocation to a new site is the only viable option for Baptist Plaza.

Existing Resources. The benefits above are intended for the existing physicians and patients of Baptist Plaza. The project can be achieved without negative effects on the existing health care system. Projected population growth will continue to support the need for Baptist Plaza and existing providers.

Project Cost. The total cost of the project will be \$29,836,377 for CON purposes and includes \$21,288,796 in undiscounted projected lease payments over the initial 20 year term. Of the remaining \$8,547,581, equipment costs amount to \$3,234,105. Construction costs, excluding the building shell, amount to \$4,396,580 (approximately 25,141 usable square feet at \$174.88 per square foot).

Funding, Financial Feasibility. Baptist Plaza has secured funding for the project from the building owner, First Tennessee Bank and its own on-going operations. The relocation will produce a positive financial return. The project will not have an adverse impact on patient charges.

Staffing. There are approximately 90 full-time equivalent employees (FTEs) already at Baptist Plaza, including 49 nursing FTEs and 26 operating room tech FTEs. No staffing changes are anticipated due to the relocation.

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<sup>1</sup> 2012 Joint Annual Reports of Ambulatory Surgical Treatment Centers, summarized at Tab 11.

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

**RESPONSE:** This project proposes the relocation of the existing Baptist Plaza ASTC to a new medical office building approximately one-half block from the current location. There will be no change in the existing complement of nine operating rooms and one procedure room. Construction of approximately 25,141 square feet of usable space (28,500 rentable) will be required. No major equipment is proposed. Pre-op cubicles will be increased from 12 to 13. The post anesthesia care unit (PACU) cubicles will be increased from 10 to 18, and private rooms from 2 to 3. Construction costs, excluding the building shell, amount to \$4,396,580 (approximately 25,141 usable square feet at \$174.88 per square foot).

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

**RESPONSE:** Not applicable. This outpatient surgery center project does not involve beds.



# SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

Unit/Dept.	Existing Location	Existing Sq. Ft.	Temporary Location	Proposed Final Location	Proposed Final Sq. Footage		Proposed Final Cost/Sq. Ft.	
					Renovated	New	Renovated	New
OR #1 - Class C, General	Ground FL 20th & Church	470	N/A	1st FL 20th & Church	0	475	\$0	\$525
OR #2 - Class C, General	Ground FL 20th & Church	460	N/A	1st FL 20th & Church	0	480	\$0	\$525
OR #3 - Class C, General	Ground FL 20th & Church	400	N/A	1st FL 20th & Church	0	480	\$0	\$525
OR #4 - Class C, General	Ground FL 20th & Church	400	N/A	1st FL 20th & Church	0	480	\$0	\$525
OR #6 - Class C, General	Ground FL 20th & Church	400	N/A	1st FL 20th & Church	0	400	\$0	\$525
OR #7 - Class C, General	Ground FL 20th & Church	400	N/A	1st FL 20th & Church	0	400	\$0	\$525
OR #8 - Class C, General	Ground FL 20th & Church	400	N/A	1st FL 20th & Church	0	400	\$0	\$525
OR #9 - Class C, General	Ground FL 20th & Church	400	N/A	1st FL 20th & Church	0	400	\$0	\$525
OR #10- Class C, General	Ground FL 20th & Church	400	N/A	1st FL 20th & Church	0	480	\$0	\$525
OR #5 - Class B, minor	Ground FL 20th & Church	400	N/A	1st FL 20th & Church	0	400	\$0	\$350
Processing / storage				1st FL 20th & Church		4,558		\$135
Pre Op / support				1st FL 20th & Church		2,578		\$150
Recovery / support				1st FL 20th & Church		4,495		\$150
Waiting/Business/Staff				1st FL 20th & Church		3,960		\$80
Unit/Dept GSF Sub- Total	N/A	N/A	N/A	1st FL 20th & Church	0	19,986		\$0
Mechanical/Electrical GSF				Ground FL 20th & Church		1,385		\$35
Circulation/Structure GSF	N/A	N/A	N/A	1st FL 20th & Church	0	3,770	\$0	\$45
Total GSF	N/A	N/A	N/A	20th & Church	0	25,141	\$0	\$174.88

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

**RESPONSE:** Not applicable. Baptist Plaza is an existing Ambulatory Surgical Treatment Center (ASTC). This project proposes the relocation of the existing ASTC to a new medical office building approximately one-half block from the current location. There will be no change in the existing complement of nine operating rooms and one procedure room.

D. Describe the need to change location or replace an existing facility.

**RESPONSE:** Approval of the Baptist Plaza relocation project will improve access to and the quality of cost-effective outpatient surgery services. The existing space is approximately 10 years old and was used previously as a hospital outpatient department.

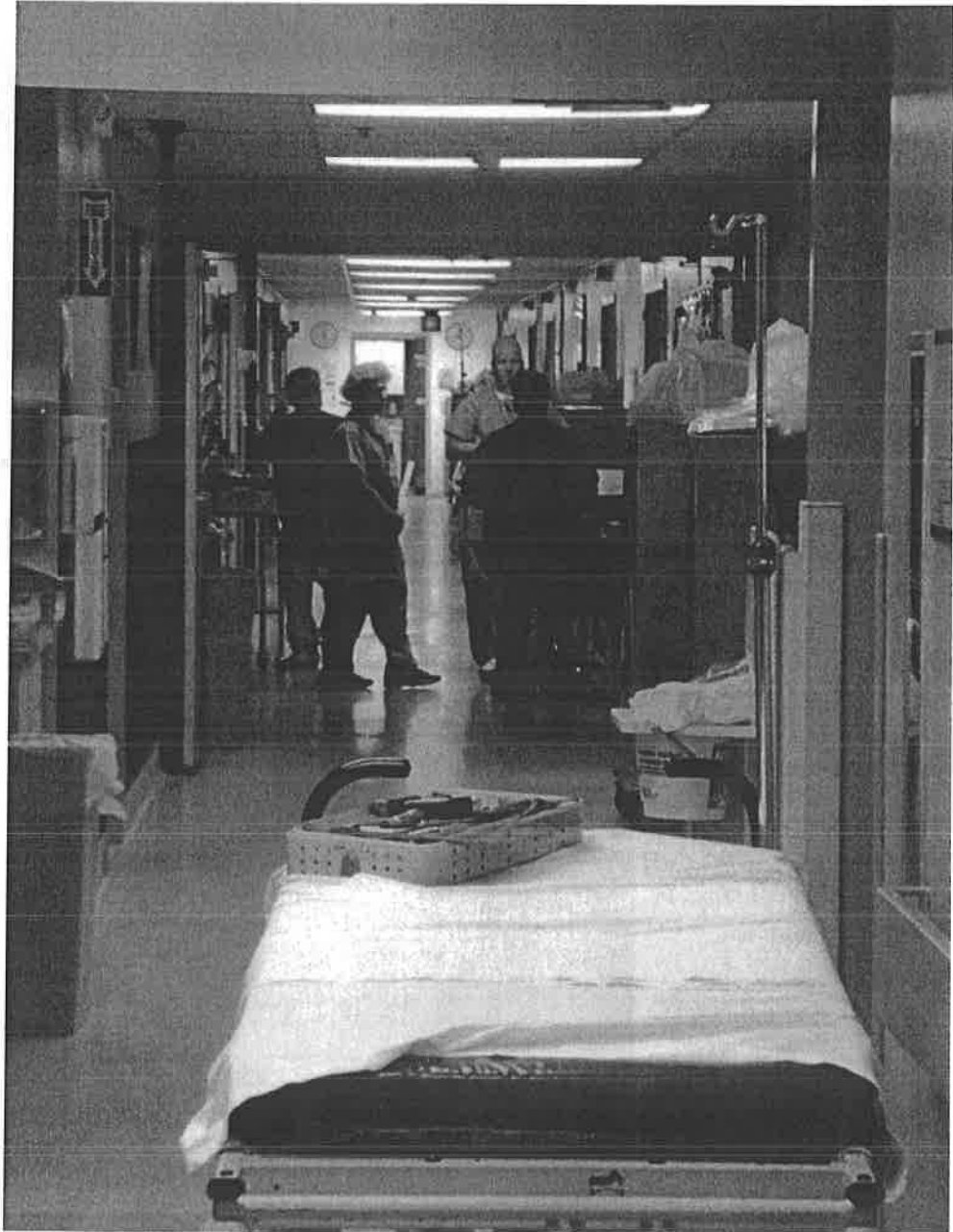
- The facility project will improve patient accessibility by relocating from a congested lower level (basement) location to a new first floor location.



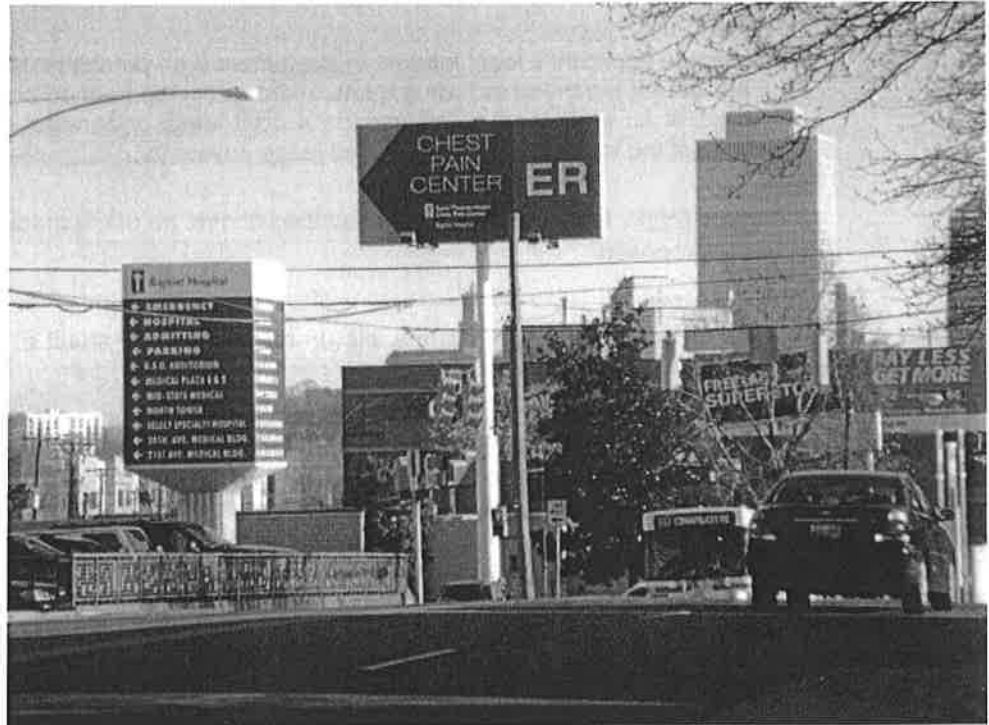
- Mechanical systems (HVAC and electrical) will be upgraded at the new site. At the existing site, fumes from trucks idling in the loading dock sometimes foul the air intakes. The HVAC shut down once in the past year, causing surgery cases to be cancelled for the day. Another time, power was lost and the center was cited by the state.



- An inefficient linear (“bowling alley”) design will be replaced with a more efficient and more rectangular design.
- Four of the nine operating rooms will be expanded to 480 square feet to better accommodate staff and equipment associated with more complex surgical cases over the past ten years.



- The new site is located approximately one-half block away from the existing site.



E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):

a. Describe the new equipment, including:

1. Total cost; (As defined by Agency Rule).
2. Expected useful life;
3. List of clinical applications to be provided; and
4. Documentation of FDA approval.

b. Provide current and proposed schedules of operations.

**RESPONSE:** Not applicable. No major medical equipment purchases are proposed. (Current and proposed schedules of operations at the ASTC are Monday through Friday, from 6:00 a.m. to 5:00 p.m.)

2. For mobile major medical equipment:

- a. List all sites that will be served;
- b. Provide current and/or proposed schedule of operations;
- c. Provide the lease or contract cost.
- d. Provide the fair market value of the equipment; and
- e. List the owner for the equipment.

**RESPONSE:** Not applicable. No mobile major medical equipment purchases are proposed.

3. Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.). In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

**RESPONSE:** Not applicable. As described above, no major medical equipment purchases are proposed.

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must** include:

1. Size of site (*in acres*);
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

**Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.**

**RESPONSE:** Please see **Attachment B, III.(A) (Tab 7)** for a copy of the plot plan. The building site, excluding the parking deck, is 1.12 acres. The proposed facility will occupy leased space primarily on the first floor of a newly constructed medical office building. Some space will be leased on the ground floor for medical gasses, vacuum pumps and related mechanical systems.

- (B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

**RESPONSE:** Baptist Plaza is conveniently located in Nashville just off State Route 70 near two Interstate Highways, I-40/65 and I-440, and will remain so after the relocation. The ASTC is accessible via public transportation services offered by the Nashville Metro Transit Authority, providing direct access to the facility.

Please see **Attachment B, III.(B).1 (Tab 8)** for maps depicting the relocation distance and the thoroughfares that connect the service area to the site, as well a map of Nashville MTA service.

- IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: **DO NOT SUBMIT BLUEPRINTS**. Simple line drawings should be submitted and need not be drawn to scale.

**RESPONSE:** Please see **Attachment B, IV (Tab 9)** for the first floor plan schematics. The exact placement of the 1,385 square foot mechanical space on the ground floor has not been finalized at this time.

- V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

**RESPONSE:** Not applicable. The project does not involve a Home Health Agency or Hospice.

### **SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED**

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

### **QUESTIONS**

#### **NEED**

1. Describe the relationship of this proposal toward the implementation of the *State Health Plan* and *Tennessee's Health: Guidelines for Growth*.
  - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

**RESPONSE:** Under the *Guidelines for Growth: Criteria and Standards for Certificate of Need, Edition 2000* and the *2012 Update to the Tennessee State Health Plan*, there are three sets of criteria to be considered for the proposed project:

- Ambulatory Surgical Treatment Centers
- Construction, Renovation, Expansion, and Replacement of Health Care Institutions
- Five Principles for Achieving Better Health

#### **AMBULATORY SURGICAL TREATMENT CENTERS 2012 UPDATE TO THE TENNESSEE STATE HEALTH PLAN**

Adopted and effective immediately as of May 23, 2013, these standards and criteria are not applicable to the proposed Baptist Plaza relocation project. As stated in the first paragraph of the newly adopted ASTC rules, "Existing ASTCs are not affected by these standards and criteria unless they take an action that requires a new certificate of need (CON) for the establishment or expansion of an ASTC."

- Baptist Plaza is an existing ASTC.
- Baptist Plaza does not seek the establishment of an ASTC.
- Baptist Plaza does not seek expansion of an ASTC.

Therefore, Baptist Plaza is not affected by the ASTC standards and criteria.



**BAPTIST PLAZA  
PROJECTED PATIENT ORIGIN  
2015 (YEAR 1) DUPLICATED PATIENTS**

	Pct 2012	2015	Pct 2015
<b>Primary Service Area</b>			
Davidson	37.6%	3,194	37.6%
Williamson	13.1%	1,114	13.1%
<b>Subtotal PSA</b>	<b>50.8%</b>	<b>4,308</b>	<b>50.8%</b>
<b>Secondary Service Area</b>			
Sumner	5.7%	483	5.7%
Wilson	4.8%	408	4.8%
Rutherford	4.7%	402	4.7%
Robertson	3.5%	300	3.5%
Cheatham	3.1%	262	3.1%
<b>Subtotal SSA</b>	<b>21.8%</b>	<b>1,855</b>	<b>21.9%</b>
<b>All Other Counties/States</b>	<b>27.4%</b>	<b>2,326</b>	<b>27.4%</b>
<b>Total Service Area</b>	<b>100.0%</b>	<b>8,488</b>	<b>100.0%</b>

Source: 2012 ASTC JARs, 2015 internal projections

These analyses demonstrate that there is an acceptable existing and projected future demand for the Baptist Plaza proposed relocation project.

3. For renovation or expansions of an existing licensed health care institution:

- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

**RESPONSE:** Not applicable. The Baptist Plaza project is for the relocation and replacement of an existing licensed health care institution. Please see the question above, which refers to facility relocations, for the discussion of demand.

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

**RESPONSE:** Not applicable. The Baptist Plaza project is for the relocation and replacement of an existing licensed health care institution.

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT  
OF HEALTH CARE INSTITUTIONS

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

**RESPONSE:** Not applicable. The Baptist Plaza relocation and replacement project (approximately a one-half block move) does not include the addition of beds, services or medical equipment.

2. For relocation or replacement of an existing licensed health care institution:
  - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

**RESPONSE:** A number of deficiencies with the existing site have been described. Only renovations to the mechanical systems (HVAC and electrical) can be accomplished at the existing site. This could possibly reduce fouled air intakes from fumes caused by trucks idling in the adjacent loading dock area. Or, electrical upgrades could possibly enhance power supply reliability. However, Baptist Plaza cannot escape from the lower level (basement) and loading dock areas without a complete rebuild of the entire facility.

Additionally, a near complete or complete rebuild of the entire facility is the only way possible to replace the current, inefficient linear ("bowling alley") design with a more efficient and more rectangular design. Similarly, a near complete or complete rebuild of the entire facility is the only way possible to expand four of the nine operating rooms to 480 square feet to better accommodate staff and equipment associated with more complex surgical cases over the past ten years.

Whether counting operating rooms or patients served, Baptist Plaza is the largest and most highly utilized ASTC in the Nashville metropolitan area.<sup>2</sup> These types of extensive renovations to the existing space simply cannot be accomplished without shutting down the entire ASTC for several months. Thus, relocation to a new site is the only viable option for Baptist Plaza. Although costs for this proposed relocation compare favorably to other similar ACTC projects, costs are not the determining factor in this relocation request. The new site is located approximately one-half block away from the existing site and will thus minimize any access concerns for physicians and patients.

- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

**RESPONSE:** Baptist Plaza is the largest and most highly utilized ASTC in the Nashville metropolitan area, whether counting operating rooms or patients served. Historically, Baptist Plaza has been highly utilized by patients residing in the seven county service area comprised of Davidson, Williamson, Sumner, Wilson, Rutherford, Robertson and Cheatham counties.

<sup>2</sup> 2012 Joint Annual Reports of Ambulatory Surgical Treatment Centers, summarized at Tab 11.

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**BAPTIST PLAZA  
HISTORICAL PATIENT ORIGIN DATA  
2009 – 2012 UNDUPLICATED PATIENTS**

	2009	2010	2011	2012	Pct 2012
<b>Primary Service Area</b>					
Davidson	3,346	3,060	3,025	2,751	37.6%
Williamson	1,070	1,081	1,073	959	13.1%
<b>Subtotal PSA</b>	<b>4,416</b>	<b>4,141</b>	<b>4,098</b>	<b>3,710</b>	<b>50.8%</b>
<b>Secondary Service Area</b>					
Sumner	416	418	418	416	5.7%
Wilson	146	319	334	351	4.8%
Rutherford	461	430	418	346	4.7%
Robertson	237	238	222	258	3.5%
Cheatham	248	218	240	226	3.1%
<b>Subtotal SSA</b>	<b>1,508</b>	<b>1,623</b>	<b>1,632</b>	<b>1,597</b>	<b>21.8%</b>
<b>All Other Counties/States</b>	<b>2,486</b>	<b>2,322</b>	<b>2,309</b>	<b>2,003</b>	<b>27.4%</b>
<b>Total</b>	<b>8,410</b>	<b>8,086</b>	<b>8,039</b>	<b>7,310</b>	<b>100.0%</b>

Source: ASTC JARs

Please refer to the service area map in **Attachment C, Need – 1 (Tab 10)**.

The proposed relocation of the existing ASTC approximately one-half block away is not expected to have a material impact on patient referral patterns. The projected patient origin is expected to follow the 2012 percentage distribution above.

Whereas the patient origin data in the JARs is based upon unduplicated patients, volume and capacity calculations are based upon duplicated patients to more accurately quantify operating room and procedure room utilization.

**BAPTIST PLAZA  
HISTORICAL PATIENT UTILIZATION DATA  
2009 – 2012 DUPLICATED PATIENTS**

	2009	2010	2011	2012	Ann Chng
Operating Rooms (9)	8,813	8,485	8,603	7,875	-3.7%
Procedure Rooms (1)*	1,109	942	568	340	-32.6%
<b>Total Rooms (10)</b>	<b>9,922</b>	<b>9,427</b>	<b>9,171</b>	<b>8,215</b>	<b>-6.1%</b>
<b>OR Capacity (@ 1,263)</b>	<b>11,367</b>	<b>11,367</b>	<b>11,367</b>	<b>11,367</b>	
<b>Proc Rm Capac (@ 2,667)</b>	<b>2,667</b>	<b>2,667</b>	<b>2,667</b>	<b>2,667</b>	
<b>Total Capacity</b>	<b>14,034</b>	<b>14,034</b>	<b>14,034</b>	<b>14,034</b>	
<b>Operating Room Utilization</b>	<b>77.5%</b>	<b>74.6%</b>	<b>75.7%</b>	<b>69.3%</b>	
<b>Procedure Room Utilization</b>	<b>41.6%</b>	<b>35.3%</b>	<b>21.3%</b>	<b>12.7%</b>	
<b>Total Utilization</b>	<b>70.7%</b>	<b>67.2%</b>	<b>65.3%</b>	<b>58.5%</b>	

Source: ASTC JARs (do not break out duplicated patients by OR or Proc Rm)

\* Includes pain management patients at Baptist Plaza

Baptist Plaza's operating room and total room volumes have decreased 3.7% and 6.1% annually, respectively, consistent with service area trends. Procedure room volume has lagged. However, a procedure room is a necessary and usual component of virtually every surgery-based ASTC. As indicated by the service area ASTC trend data in **Attachment C, Need – 1 (Tab 11)**, every single surgery-based ASTC with three or more operating rooms had at least one procedure room. As stated previously, Baptist Plaza is the largest and most highly utilized ASTC in the Nashville metropolitan area whether counting operating rooms or patients served.

As indicated in the notes to the table above, the Joint Annual Report of Ambulatory Surgical Treatment Centers does not break out patient (case) data for operating rooms versus procedure rooms. Thus, it is not possible to calculate utilization percentages under the ASTC standards and criteria adopted and effective as of May 23, 2013. Regardless, ASTC trend data in **Attachment C, Need – 1 (Tab 11)** are summarized below.

**SERVICE AREA ASTCs  
HISTORICAL PATIENT UTILIZATION DATA  
2009 – 2012 DUPLICATED PATIENTS**

	2009	2010	2011	2012	Ann Chng
Operating Room Patients	N/R	N/R	N/R	N/R	N/R
Procedure Room Patients	N/R	N/R	N/R	N/R	N/R
Total Room Patients	149,294	140,674	137,793	134,147	-3.5%

Source: ASTC JARs (do not break out duplicated patients by OR or Proc Rm)

The 3.5% annual decline in service area ASTC utilization is consistent with the 3.7 - 6.1% annual declines experienced at Baptist Plaza. These declines are consistent with the impact of the Great Recession, and perhaps a decline in elective surgical procedures. Development of the proposed Baptist Plaza replacement facility, along with service area population growth, is expected to help reduce or eliminate these declines.

As will be documented later, service area population growth (1.1% annually, all ages, 2013 – 2018) will continue to support ASTC utilization both at Baptist Plaza and throughout the service area.

In the table below, this service area population growth rate is applied to Baptist Plaza's historical utilization, allowing for some rounding due to specialty-specific breakouts. Under this reasonable and conservative scenario, the operating rooms and procedure room at Baptist Plaza will continue to be well utilized.

Though not subject to the ASTC methodology adopted and effective as of May 23, 2013, Baptist Plaza is projected will exceed the 70% optimum utilization standard on its 9 existing operating rooms. As documented previously, its single procedure room is a necessary and usual component of virtually every surgery-based ASTC.

**BAPTIST PLAZA  
HISTORICAL PATIENT UTILIZATION DATA  
2010 – 2012 DUPLICATED PATIENTS**

	JAR 2012	Interim 2013	Interim 2014	Year 1 2015	Year 2 2016	Ann Chng
Operating Rooms (9)	7,875	7,949	8,024	8,084	8,173	0.9%
Procedure Rooms (1)	340	356	372	404	408	4.7%
Total Rooms (10)	8,215	8,305	8,396	8,488	8,581	1.1%
OR Capacity (@ 1,263)	11,367	11,367	11,367	11,367	11,367	
Proc Rm Capac (@ 2,667)	2,667	2,667	2,667	2,667	2,667	
Total Capacity	14,034	14,034	14,034	14,034	14,034	
Operating Room Utilization*	69.3%	69.9%	70.6%	71.1%	71.9%	
Procedure Room Utilization*	12.7%	13.3%	13.9%	15.1%	15.3%	
Total Utilization	58.5%	59.2%	59.8%	60.5%	61.1%	

Source: ASTC JARs (do not break out duplicated patients by OR or Proc Rm)

\* As an existing ASTC undergoing relocation but not expansion, BPS is not subject to these criteria

Projected physician specialty mix for Baptist Plaza is presented in the exhibit below. In no instance does the projected physician count by specialty exceed the actual number of medical staff by specialty reported on the 2012 ASTC JAR.

**Baptist Plaza Specialty Mix  
Physicians and Duplicated Patients, Year 1 (2015)**

Specialty	Physicians	Patients	Pct Pats
Ophthalmology (non cataract)	15	1,291	15.2%
ENT	7	1,012	11.9%
General Surgery	11	1,308	15.4%
Gynecology	2	200	2.4%
Spine	2	123	1.4%
Orthopedics	10	3,270	38.5%
Pain Management	3	404	4.8%
Plastics	9	884	10.4%
Total	59	8,492	100.0%

Source: USPI internal data

Projected patient origin for Baptist Plaza is presented in the exhibit below. Projections are based upon 2012 actual experience. The service area is not projected to change as a result of the proposed relocation of approximately one-half block.

### FIVE PRINCIPLES FOR ACHIEVING BETTER HEALTH

Each of the Five Principles for Achieving Better Health is addressed below.

Principle 1: Healthy Lives - *"The purpose of the State Health Plan is to improve the health of Tennesseans."*

**RESPONSE:** Among the top 10 leading causes of death for Tennessee residents are cancer and accidents. Surgical services proposed by Baptist Plaza will help in the treatment of these two leading causes of death plus the morbidity associated with orthopedic and other diseases.

Principle 2: Access to Care - *"Every citizen should have reasonable access to health care."*

**RESPONSE:** Among the three criteria required to attain good access, as listed in the 2010 National Health Disparities Report, is, "getting access to sites of care where patients can receive needed services." The proposed relocation of Baptist Plaza is designed to, among other goals, increase patient accessibility by moving out of the lower level (basement) of an existing medical office building to a new, more easily accessible first floor location in a new medical office building approximately one-half block away.

Principle 3: Economic Efficiencies - *"The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the state's health care system."*

**RESPONSE:** Recognizing the benefits of outpatient surgery centers such as the Baptist Plaza, Saint Thomas Health is actively involved in 13 other similar joint ventures with United Surgical Partners International throughout the greater Nashville area. Please see **Attachment A4, Related Healthcare Institutions (Tab 3)**.

This strategy remains vital today more than ever, in response to the Affordable Care Act (ACA) and continued pressure from payors to contain healthcare costs. Saint Thomas Health formed one of the nation's first Accountable Care Organizations (ACOs), MissionPoint Health Partners, in August 2011. Its goal is to assist doctors, employers and patients to work more closely together to trim medical costs and make people healthier under insurance plans. The concept behind the physician-led program is to help stakeholders in a patient's care – including doctors, hospitals, pharmacies and payers – to get in sync at a time when insurers are pushing for better coordination of care and linking payment amounts to health outcomes. MissionPoint works closely with patients, both when they are well and when they are sick.

ASTCs such as Baptist Plaza play an important role within the ACA and ACO care delivery model for containing costs, promoting quality and increasing accessibility. As documented in the Medicare pricing differential rates in **Attachment C, Need – 1 (Tab 12)**, freestanding ASCs typically were reimbursed 44% less than hospital-based facilities in 2013. This has a direct impact on patient deductibles and co-payments as well. Since Medicare rates often form a basis for third-party reimbursement, the impact of this differential on the service area population is even more widespread.

Principle 4: Quality of Care - *"Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers."*

**RESPONSE:** As an existing licensed and accredited provider of quality patient services, without regard to patient gender, ethnicity, geographic location or socioeconomic status, Saint Thomas Health and Baptist Plaza are equitable healthcare providers. This same level of commitment will continue with the proposed ASTC relocation.

Principle 5: Health Care Workforce - *"The state should support the development, recruitment, and retention of a sufficient and quality health care workforce."*

**RESPONSE:** While "the state" appears to be the party charged with supporting the development, recruitment, and retention of a sufficient and quality health care workforce, Baptist Plaza is an existing healthcare facility with a history of successful staff recruitment and retention.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

**RESPONSE:** As a joint venture with Saint Thomas Health, Baptist Plaza's long-range plan is to assure the availability in Middle Tennessee of high quality, cost-effective and accessible outpatient services. A network of such facilities operated and managed in a coordinated fashion, especially when part of the ACO described above, will result in the optimum use of resources and will be a key component in future models of health care that contemplate broad provider integration.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

**RESPONSE:** Baptist Plaza's service area for this project is based on historical experience and is comprised of seven counties. Its primary service area includes Williamson and Davidson Counties, with its secondary service area includes Cheatham, Robertson, Sumner, Wilson, and Rutherford Counties. Please see **Attachment C, Need – 1 (Tab 10)** for a map of the service area.

4. A. Describe the demographics of the population to be served by this proposal.

**RESPONSE:** As mentioned above, Baptist Plaza's primary service area is comprised of two counties, Davidson and Williamson. The secondary service area is five counties, Cheatham, Robertson, Sumner, Wilson, and Rutherford Counties.

Between 2013 and 2018, the population of the service area is projected to increase by 5.8%, or by 87,757 residents. This represents an annual growth rate of 1.1% and is greater than the projected growth rate of the state as a whole within that same five-year period, which is 0.6% annually or 3.2% total growth. Please see the table below, which illustrates the projected changes in population of the service area between 2013 and 2018 and denotes population growth within the Nashville MSA, the state of Tennessee, and the United States.

## TOTAL POPULATION PROJECTIONS

	Total Population				
	2013	2018	Abs Chg	Ann % Chg	Abs % Chg
<b>Primary Service Area</b>					
Davidson	645,722	675,767	30,045	0.9%	4.7%
Williamson	194,928	211,426	16,498	1.6%	8.5%
<b>Subtotal PSA</b>	<b>840,650</b>	<b>887,193</b>	<b>46,543</b>	<b>1.1%</b>	<b>5.5%</b>
<b>Secondary Service Area</b>					
Cheatham	39,028	39,204	176	0.1%	0.5%
Robertson	68,061	70,933	2,872	0.8%	4.2%
Rutherford	276,375	296,297	19,922	1.4%	7.2%
Sumner	167,264	177,178	9,914	1.2%	5.9%
Wilson	119,707	128,037	8,330	1.4%	7.0%
<b>Subtotal SSA</b>	<b>670,435</b>	<b>711,649</b>	<b>41,214</b>	<b>1.2%</b>	<b>6.1%</b>
<b>Total Service Area</b>	<b>1,511,085</b>	<b>1,598,842</b>	<b>87,757</b>	<b>1.1%</b>	<b>5.8%</b>
<b>Nashville MSA</b>	<b>1,649,030</b>	<b>1,738,464</b>	<b>89,434</b>	<b>1.1%</b>	<b>5.4%</b>
Tennessee	6,469,063	6,678,670	209,607	0.6%	3.2%
United States	314,861,807	325,322,277	10,460,470	0.7%	3.3%

SOURCE: NIELSEN, INC.

The anticipated growth in the 65 and older population within the service area is much greater, more than four times that of the total growth. Between 2013 and 2018, the elderly population is expected to increase 24.0%, or by 41,353 residents. For Tennessee, the total five-year growth within this age cohort is projected to be 17.5%, for the United States, 16.3%. Because the elderly are among the highest users of healthcare services, such an explosive growth rate foretells the need for Baptist Plaza to anticipate increasing demand for services as result of this growth as well as that of the general population. Please see the table below.

## 65 AND OLDER POPULATION PROJECTIONS

	65+ Population				
	2013	2018	Abs Chg	Ann % Chg	Abs % Chg
<b>Primary Service Area</b>					
Davidson	72,519	87,305	14,786	3.8%	20.4%
Williamson	21,540	28,841	7,301	6.0%	33.9%
<b>Subtotal PSA</b>	<b>94,059</b>	<b>116,146</b>	<b>22,087</b>	<b>4.3%</b>	<b>23.5%</b>
<b>Secondary Service Area</b>					
Cheatham	4,865	5,998	1,133	4.3%	23.3%
Robertson	8,771	10,599	1,828	3.9%	20.8%
Rutherford	25,176	32,152	6,976	5.0%	27.7%
Sumner	23,114	28,257	5,143	4.1%	22.3%
Wilson	16,235	20,421	4,186	4.7%	25.8%
<b>Subtotal SSA</b>	<b>78,161</b>	<b>97,427</b>	<b>19,266</b>	<b>4.5%</b>	<b>24.6%</b>
<b>Total Service Area</b>	<b>172,220</b>	<b>213,573</b>	<b>41,353</b>	<b>4.4%</b>	<b>24.0%</b>
<b>Nashville MSA</b>	<b>192,949</b>	<b>237,358</b>	<b>44,409</b>	<b>4.2%</b>	<b>23.0%</b>
Tennessee	939,436	1,104,190	164,754	3.3%	17.5%
United States	43,861,920	50,997,686	7,135,766	3.1%	16.3%

SOURCE: NIELSEN, INC.



B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

**RESPONSE:** Baptist Plaza provides services without regard to gender, race, socio-economic status, or ability to pay, and participates in the Medicare and TennCare programs.

In 2013, the 65 and older population accounted for 11.4% of the total population in the service area. As a major demographic subgroup of Baptist Plaza's patient base, the elderly will continue to expect of Baptist Plaza the same level of service while becoming an increasingly larger segment of the total service area population, with 2018 projections placing the 65 and older population at 13.4% of the total service area population.

The female population will represent 51.1% of the total population in the service area by 2018. As shown in the table below, the female population is expected to grow at the same annual rate as both sexes in service area, 1.1% per year.

#### FEMALE POPULATION PROJECTIONS

	Female Population				
	2013	2018	Abs Chg	Ann % Chg	Abs % Chg
<b>Primary Service Area</b>					
Davidson	332,471	347,094	14,623	0.9%	4.4%
Williamson	99,887	108,420	8,533	1.7%	8.5%
<b>Subtotal PSA</b>	<b>432,358</b>	<b>455,514</b>	<b>23,156</b>	<b>1.0%</b>	<b>5.4%</b>
<b>Secondary Service Area</b>					
Cheatham	19,562	19,711	149	0.2%	0.8%
Robertson	34,563	36,056	1,493	0.8%	4.3%
Rutherford	139,862	149,992	10,130	1.4%	7.2%
Sumner	85,639	90,728	5,089	1.2%	5.9%
Wilson	61,117	65,466	4,349	1.4%	7.1%
<b>Subtotal SSA</b>	<b>340,743</b>	<b>361,953</b>	<b>21,210</b>	<b>1.2%</b>	<b>6.2%</b>
<b>Total Service Area</b>	<b>773,101</b>	<b>817,467</b>	<b>44,366</b>	<b>1.1%</b>	<b>5.7%</b>
<b>Nashville MSA</b>	<b>842,361</b>	<b>887,657</b>	<b>45,296</b>	<b>1.1%</b>	<b>5.4%</b>
Tennessee	3,314,336	3,419,717	105,381	0.6%	3.2%
United States	160,042,072	165,322,056	5,279,984	0.7%	3.3%

SOURCE: NIELSEN, INC.

Three additional tables presented below illustrate the racial composition of the Baptist Plaza service area. By 2018, the white population will comprise 72.8% of the total population of the service area, while the black population will account for 16.8% and other races, 10.3%.

## WHITE POPULATION PROJECTIONS

	White Population				
	2013	2018	Abs Chg	Ann % Chg	Abs % Chg
<b>Primary Service Area</b>					
Davidson	388,461	393,651	5,190	0.3%	1.3%
Williamson	173,213	186,428	13,215	1.5%	7.6%
<b>Subtotal PSA</b>	<b>561,674</b>	<b>580,079</b>	<b>18,405</b>	<b>0.6%</b>	<b>3.3%</b>
<b>Secondary Service Area</b>					
Cheatham	37,198	37,227	29	0.0%	0.1%
Robertson	59,290	61,602	2,312	0.8%	3.9%
Rutherford	211,267	218,359	7,092	0.7%	3.4%
Sumner	147,730	154,998	7,268	1.0%	4.9%
Wilson	105,794	112,169	6,375	1.2%	6.0%
<b>Subtotal SSA</b>	<b>561,279</b>	<b>584,355</b>	<b>23,076</b>	<b>0.8%</b>	<b>4.1%</b>
<b>Total Service Area</b>	<b>1,122,953</b>	<b>1,164,434</b>	<b>41,481</b>	<b>0.7%</b>	<b>3.7%</b>
Nashville MSA	1,251,359	1,294,001	42,642	0.7%	3.4%
Tennessee	4,969,914	5,060,288	90,374	0.4%	1.8%
United States	225,086,154	228,212,180	3,126,026	0.3%	1.4%

SOURCE: NIELSEN, INC.

## BLACK POPULATION PROJECTIONS

	Black Population				
	2013	2018	Abs Chg	Ann % Chg	Abs % Chg
<b>Primary Service Area</b>					
Davidson	181,357	193,553	12,196	1.3%	6.7%
Williamson	7,959	7,670	-289	-0.7%	-3.6%
<b>Subtotal PSA</b>	<b>189,316</b>	<b>201,223</b>	<b>11,907</b>	<b>1.2%</b>	<b>6.3%</b>
<b>Secondary Service Area</b>					
Cheatham	557	544	-13	-0.5%	-2.3%
Robertson	4,839	4,609	-230	-1.0%	-4.8%
Rutherford	36,596	42,655	6,059	3.1%	16.6%
Sumner	10,949	11,890	941	1.7%	8.6%
Wilson	7,654	8,109	455	1.2%	5.9%
<b>Subtotal SSA</b>	<b>60,595</b>	<b>67,807</b>	<b>7,212</b>	<b>2.3%</b>	<b>11.9%</b>
<b>Total Service Area</b>	<b>249,911</b>	<b>269,030</b>	<b>19,119</b>	<b>1.5%</b>	<b>7.7%</b>
Nashville MSA	254,373	273,245	18,872	1.4%	7.4%
Tennessee	1,087,546	1,136,208	48,662	0.9%	4.5%
United States	40,007,260	41,797,400	1,790,140	0.9%	4.5%

SOURCE: NIELSEN, INC.

**"OTHER" POPULATION PROJECTIONS**

	<b>"Other" Population</b>				
	<b>2013</b>	<b>2018</b>	<b>Abs Chg</b>	<b>Ann % Chg</b>	<b>Abs % Chg</b>
<b>Primary Service Area</b>					
Davidson	75,904	88,563	12,659	3.1%	16.7%
Williamson	13,756	17,328	3,572	4.7%	26.0%
<b>Subtotal PSA</b>	<b>89,660</b>	<b>105,891</b>	<b>16,231</b>	<b>3.4%</b>	<b>18.1%</b>
<b>Secondary Service Area</b>					
Cheatham	1,273	1,433	160	2.4%	12.6%
Robertson	3,932	4,722	790	3.7%	20.1%
Rutherford	28,512	35,283	6,771	4.4%	23.7%
Sumner	8,585	10,290	1,705	3.7%	19.9%
Wilson	6,259	7,759	1,500	4.4%	24.0%
<b>Subtotal SSA</b>	<b>48,561</b>	<b>59,487</b>	<b>10,926</b>	<b>4.1%</b>	<b>22.5%</b>
<b>Total Service Area</b>	<b>138,221</b>	<b>165,378</b>	<b>27,157</b>	<b>3.7%</b>	<b>19.6%</b>
<b>Nashville MSA</b>	<b>143,298</b>	<b>171,218</b>	<b>27,920</b>	<b>3.6%</b>	<b>19.5%</b>
<b>Tennessee</b>	<b>411,603</b>	<b>482,174</b>	<b>70,571</b>	<b>3.2%</b>	<b>17.1%</b>
<b>United States</b>	<b>49,768,393</b>	<b>55,312,697</b>	<b>5,544,304</b>	<b>2.1%</b>	<b>11.1%</b>

SOURCE: NIELSEN, INC.

The service area counties as a whole have a Median Household Income higher than that of the state of Tennessee, the Nashville MSA and the United States as a whole. Income growth has begun to slow, and in some cases shrink over the period. The annual change in median household income in the service area is comparable to that of the MSA, state, and U.S. overall—-0.1% versus -1.1%, -0.3%, and 0.2% respectively. Please see the table below.

**SERVICE AREA MEDIAN HOUSEHOLD INCOME**

	<b>Median Household Income</b>				
	<b>2013</b>	<b>2018</b>	<b>Abs Chg</b>	<b>Ann % Chg</b>	<b>Abs % Chg</b>
<b>Primary Service Area</b>					
Davidson	\$40,754	\$37,987	-\$2,767	-1.4%	-6.8%
Williamson	\$83,220	\$85,190	\$1,970	0.5%	2.4%
<b>Subtotal PSA</b>	<b>\$61,987</b>	<b>\$61,589</b>	<b>-\$399</b>	<b>-0.1%</b>	<b>-0.6%</b>
<b>Secondary Service Area</b>					
Cheatham	\$48,200	\$45,659	-\$2,541	-1.1%	-5.3%
Robertson	\$50,102	\$49,715	-\$387	-0.2%	-0.8%
Rutherford	\$47,640	\$44,297	-\$3,343	-1.4%	-7.0%
Sumner	\$44,938	\$40,602	-\$4,336	-2.0%	-9.6%
Wilson	\$51,271	\$47,328	-\$3,943	-1.6%	-7.7%
<b>Subtotal SSA</b>	<b>\$48,430</b>	<b>\$45,520</b>	<b>-\$2,910</b>	<b>-1.2%</b>	<b>-6.0%</b>
<b>Total Service Area</b>	<b>\$52,304</b>	<b>\$50,111</b>	<b>-\$2,192</b>	<b>-0.9%</b>	<b>-4.2%</b>
<b>Nashville MSA</b>	<b>\$45,778</b>	<b>\$43,270</b>	<b>-\$2,508</b>	<b>-1.1%</b>	<b>-5.5%</b>
<b>Tennessee</b>	<b>\$40,760</b>	<b>\$40,157</b>	<b>-\$603</b>	<b>-0.3%</b>	<b>-1.5%</b>
<b>United States</b>	<b>\$49,297</b>	<b>\$49,815</b>	<b>\$518</b>	<b>0.2%</b>	<b>1.1%</b>

SOURCE: NIELSEN, INC.

In terms of the TennCare population, 14.5% of the service area population is enrolled compared to 18.5% for the state overall. Please see **Attachment C, Need – 4 (Tab 13)**.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

**RESPONSE:** Three year ASTC trend data for the facilities in the Baptist Plaza service area are provided in **Attachment C, Need – 1 (Tab 11)**. A summary is provided in the table below.

**SERVICE AREA ASTCs  
HISTORICAL PATIENT UTILIZATION DATA  
2009 – 2012 DUPLICATED PATIENTS**

	2009	2010	2011	2012	Ann Chng
Operating Room Patients	N/R	N/R	N/R	N/R	N/R
Procedure Room Patients	N/R	N/R	N/R	N/R	N/R
Total Room Patients	149,294	140,674	137,793	134,147	-3.5%

Source: ASTC JARs (do not break out duplicated patients by OR or Proc Rm)

The Joint Annual Report of Ambulatory Surgical Treatment Centers does not break out patient (case) data for operating rooms versus procedure rooms. Thus, it is not possible to calculate utilization percentages under the ASTC standards and criteria adopted and effective as of May 23, 2013.

The 3.5% annual decline in service area ASTC utilization is consistent with the 3.7 - 6.1% annual declines experienced at Baptist Plaza. These declines are consistent with the impact of the Great Recession, and perhaps a decline in elective surgical procedures. Development of the proposed Baptist Plaza replacement facility, along with service area population growth, is expected to help reduce or eliminate these declines.

As documented previously, service area population growth (1.1% annually, all ages, 2013 – 2018) will continue to support ASTC utilization both at Baptist Plaza and throughout the service area.

Regardless of these area-wide utilization trends, the proposed project is designed to remediate facility deficiencies at Baptist Plaza without adding capacity to the healthcare delivery system. Only renovations to the mechanical systems (HVAC and electrical) can be accomplished at the existing site. This could possibly reduce fouled air intakes from fumes caused by trucks idling in the adjacent loading dock area. Or, electrical upgrades could possibly enhance power supply reliability. However, Baptist Plaza cannot escape from the lower level (basement) and loading dock areas without a complete rebuild of the entire facility.

Additionally, a near complete or complete rebuild of the entire facility is the only way possible to replace the current, inefficient linear ("bowling alley") design with a more efficient and more rectangular design. Similarly, a near complete or complete rebuild of the entire facility is the only way possible to expand four of the nine operating rooms to 480 square feet to better accommodate staff and equipment associated with more complex surgical cases over the past ten years.

Whether counting operating rooms or patients served, Baptist Plaza is the largest and most highly utilized ASTC in the Nashville metropolitan area.<sup>3</sup> These types of extensive renovations to the existing space simply cannot be accomplished without shutting down the entire ASTC for several months. Thus, relocation to a new site is the only viable option for Baptist Plaza. Although costs for this proposed relocation compare favorably to other similar ACTC projects, costs are not the determining factor in this relocation request. The new site is located approximately one-half block away from the existing site and will thus minimize any access concerns for physicians and patients.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

**RESPONSE:** Baptist Plaza is the largest and most highly utilized ASTC in the Nashville metropolitan area, whether counting operating rooms or patients served. Historically, Baptist Plaza has been highly utilized by patients residing in the seven county service area comprised of Davidson, Williamson, Sumner, Wilson, Rutherford, Robertson and Cheatham counties.

**BAPTIST PLAZA  
HISTORICAL PATIENT ORIGIN DATA  
2009 – 2012 UNDUPLICATED PATIENTS**

	2009	2010	2011	2012	Pct 2012
<b>Primary Service Area</b>					
Davidson	3,346	3,060	3,025	2,751	37.6%
Williamson	1,070	1,081	1,073	959	13.1%
<b>Subtotal PSA</b>	<b>4,416</b>	<b>4,141</b>	<b>4,098</b>	<b>3,710</b>	<b>50.8%</b>
<b>Secondary Service Area</b>					
Sumner	416	418	418	416	5.7%
Wilson	146	319	334	351	4.8%
Rutherford	461	430	418	346	4.7%
Robertson	237	238	222	258	3.5%
Cheatham	248	218	240	226	3.1%
<b>Subtotal SSA</b>	<b>1,508</b>	<b>1,623</b>	<b>1,632</b>	<b>1,597</b>	<b>21.8%</b>
<b>All Other Counties/States</b>	<b>2,486</b>	<b>2,322</b>	<b>2,309</b>	<b>2,003</b>	<b>27.4%</b>
<b>Total</b>	<b>8,410</b>	<b>8,086</b>	<b>8,039</b>	<b>7,310</b>	<b>100.0%</b>

Source: ASTC JARs

Please refer to the service area map in **Attachment C, Need – 1 (Tab 10)**.

The proposed relocation of the existing ASTC approximately one-half block away is not expected to have a material impact on patient referral patterns. The projected patient origin is expected to follow the 2012 percentage distribution above.

<sup>3</sup> 2012 Joint Annual Reports of Ambulatory Surgical Treatment Centers, summarized at Tab 11.

Whereas the patient origin data in the JARs is based upon unduplicated patients, volume and capacity calculations are based upon duplicated patients to more accurately quantify operating room and procedure room utilization.

**BAPTIST PLAZA  
HISTORICAL PATIENT UTILIZATION DATA  
2009 – 2012 DUPLICATED PATIENTS**

	2009	2010	2011	2012	Ann Chng
Operating Rooms (9)	8,813	8,485	8,603	7,875	-3.7%
Procedure Rooms (1)*	1,109	942	568	340	-32.6%
Total Rooms (10)	9,922	9,427	9,171	8,215	-6.1%
OR Capacity (@ 1,263)	11,367	11,367	11,367	11,367	
Proc Rm Capac (@ 2,667)	2,667	2,667	2,667	2,667	
Total Capacity	14,034	14,034	14,034	14,034	
Operating Room Utilization	77.5%	74.6%	75.7%	69.3%	
Procedure Room Utilization	41.6%	35.3%	21.3%	12.7%	
Total Utilization	70.7%	67.2%	65.3%	58.5%	

Source: ASTC JARs (do not break out duplicated patients by OR or Proc Rm)

\* Includes pain management patients at Baptist Plaza

Baptist Plaza's operating room and total room volumes have decreased 3.7% and 6.1% annually, respectively, consistent with service area trends. Procedure room volume has lagged. However, a procedure room is a necessary and usual component of virtually every surgery-based ASTC. As indicated by the service area ASTC trend data in **Attachment C, Need – 1 (Tab 11)**, every single surgery-based ASTC with three or more operating rooms had at least one procedure room. As stated previously, Baptist Plaza is the largest and most highly utilized ASTC in the Nashville metropolitan area whether counting operating rooms or patients served.

As documented previously, service area population growth (1.1% annually, all ages, 2013 – 2018) will continue to support ASTC utilization both at Baptist Plaza and throughout the service area.

In the table below, this service area population growth rate is applied to Baptist Plaza's historical utilization, allowing for some rounding due to specialty-specific breakouts. Under this reasonable and conservative scenario, the operating rooms and procedure room at Baptist Plaza will continue to be well utilized.

Though not subject to the ASTC methodology adopted and effective as of May 23, 2013, Baptist Plaza is projected will exceed the 70% optimum utilization standard on its 9 existing operating rooms. As documented previously, its single procedure room is a necessary and usual component of virtually every surgery-based ASTC.

**BAPTIST PLAZA  
HISTORICAL PATIENT UTILIZATION DATA  
2010 – 2012 DUPLICATED PATIENTS**

	JAR	Interim	Interim	Year 1	Year 2	
	2012	2013	2014	2015	2016	Ann Chng
Operating Rooms (9)	7,875	7,949	8,024	8,084	8,173	0.9%
Procedure Rooms (1)	340	356	372	404	408	4.7%
Total Rooms (10)	8,215	8,305	8,396	8,488	8,581	1.1%
OR Capacity (@ 1,263)	11,367	11,367	11,367	11,367	11,367	
Proc Rm Capac (@ 2,667)	2,667	2,667	2,667	2,667	2,667	
Total Capacity	14,034	14,034	14,034	14,034	14,034	
Operating Room Utilization*	69.3%	69.9%	70.6%	71.1%	71.9%	
Procedure Room Utilization*	12.7%	13.3%	13.9%	15.1%	15.3%	
Total Utilization	58.5%	59.2%	59.8%	60.5%	61.1%	

Source: ASTC JARs (do not break out duplicated patients by OR or Proc Rm)

\* As an existing ASTC undergoing relocation but not expansion, BPS is not subject to these criteria

Projected physician specialty mix for Baptist Plaza is presented in the exhibit below. In no instance does the projected physician count by specialty exceed the actual number of medical staff by specialty reported on the 2012 ASTC JAR.

**Baptist Plaza Specialty Mix  
Physicians and Duplicated Patients, Year 1 (2015)**

Specialty	Physicians	Patients	Pct Pats
Ophthalmology (non cataract)	15	1,291	15.2%
ENT	7	1,012	11.9%
General Surgery	11	1,308	15.4%
Gynecology	2	200	2.4%
Spine	2	123	1.4%
Orthopedics	10	3,270	38.5%
Pain Management	3	404	4.8%
Plastics	9	884	10.4%
Total	59	8,492	100.0%

Source: USPI internal data

Projected patient origin for Baptist Plaza is presented in the exhibit below. Projections are based upon 2012 actual experience. The service area is not projected to change as a result of the proposed relocation of approximately one-half block.

**BAPTIST PLAZA  
PROJECTED PATIENT ORIGIN  
2015 (YEAR 1) DUPLICATED PATIENTS**

	Pct 2012	2015	Pct 2015
<b>Primary Service Area</b>			
Davidson	37.6%	3,194	37.6%
Williamson	13.1%	1,114	13.1%
<b>Subtotal PSA</b>	<b>50.8%</b>	<b>4,308</b>	<b>50.8%</b>
<b>Secondary Service Area</b>			
Sumner	5.7%	483	5.7%
Wilson	4.8%	408	4.8%
Rutherford	4.7%	402	4.7%
Robertson	3.5%	300	3.5%
Cheatham	3.1%	262	3.1%
<b>Subtotal SSA</b>	<b>21.8%</b>	<b>1,855</b>	<b>21.9%</b>
<b>All Other Counties/States</b>	<b>27.4%</b>	<b>2,326</b>	<b>27.4%</b>
<b>Total Service Area</b>	<b>100.0%</b>	<b>8,488</b>	<b>100.0%</b>

Source: 2012 ASTC JARs, 2015 internal projections

These analyses demonstrate that there is an acceptable existing and projected future demand for the Baptist Plaza proposed relocation project.



**ECONOMIC FEASIBILITY**

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
  - All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
  - The cost of any lease (building, land and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. NOTE: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
  - The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
  - For projects that include new construction, modification, and/or renovation; **documentation must be** provided from a contractor and/or architect that support the estimated construction costs.

**RESPONSE:** The space lease for the surgery center relocation is valued over the 20-year initial term including base rent and additional rent, inflated 3 percent per year. Please refer to the table following this question.

The cost of the space lease is based on the greater total amount of the lease payments over the initial term of the lease (\$746.98 per rentable square foot) as opposed to fair market value experienced by United Surgical Partners for similar projects.

In the projected data chart, space lease expense is presented as a straight line rent adjustment. This is an accounting entry based on Generally Accepted Accounting Principles (GAAP). If the rent escalation is not tied to the Consumer Price Index (CPI), as is the case here, then according to GAAP, the rent must be expensed using the straight line method.

There are no major equipment purchases associated with this project. A single c-arm unit will be purchased for \$140,000.

Please see **Attachment C, Need – 1 (Tab 14)** for documentation supporting the construction costs.

**Baptist Plaza  
Space Lease Analysis**

	<u>Base Rent</u>	<u>Add Rent</u>	<u>Total</u>
	\$21.25	\$8.41	\$29.66
RSF:	28,500	28,500	
Escalation:	3%	3%	
<u>Year</u>			
1	605,625	239,685	845,310
2	623,794	246,876	870,669
3	642,508	254,282	896,789
4	661,783	261,910	923,693
5	681,636	269,768	951,404
6	702,085	277,861	979,946
7	723,148	286,196	1,009,344
8	744,842	294,782	1,039,625
9	767,188	303,626	1,070,813
10	790,203	312,735	1,102,938
11	813,909	322,117	1,136,026
12	838,327	331,780	1,170,107
13	863,476	341,733	1,205,210
14	889,381	351,986	1,241,366
15	916,062	362,545	1,278,607
16	943,544	373,421	1,316,965
17	971,850	384,624	1,356,474
18	1,001,006	396,163	1,397,169
19	1,031,036	408,048	1,439,084
20	1,061,967	420,289	1,482,256
	16,273,371	6,440,426	22,713,796
Less TI	\$50.00	28,500	<u>1,425,000</u>
			21,288,796
		per sf	746.98

## PROJECT COSTS CHART

2013 JUL 15 PM 3 45

## A. Construction and equipment acquired by purchase:

1.	Architectural and Engineering Fees	\$ 254,427
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$ 125,000
3.	Acquisition of Site	
4.	Preparation of Site	
5.	Construction Costs	\$ 4,396,580
6.	Contingency Fund	\$ 439,658
7.	Fixed Equipment (Not included in Construction Contract)	\$ 457,979
8.	Moveable Equipment (List all equipment over \$50,000)	\$ 2,776,126
9.	Other (specify)	\$ -

B. Acquisition by gift, donation, or lease (20 Years):

1.	Facility (inclusive of building and land)	\$ 21,288,796
2.	Building only	
3.	Land only	
4.	Equipment (Specify)	
5.	Other (Specify)	

## C. Financing Costs and Fees:

1.	Interim Financing	\$ 52,811
2.	Underwriting Costs	
3.	Reserve for One Year's Debt Service	
4.	Other (Specify)	

D. Estimated Project Cost (A+B+C) \$ 29,791,377

E. CON Filing Fee \$ 45,000

F. Total Estimated Project Cost (D+E) \$ 29,836,377

**TOTAL** \$ 29,836,377

## 2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. **(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.)**

- X A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions; **(Tab 15 – First Tennessee Bank)**
- \_\_\_ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- \_\_\_ C. General obligation bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting;
- \_\_\_ D. Grants--Notification of intent form for grant application or notice of grant award; or
- X E. Cash Reserves **(Tab 15, cash reserves from on-going operations of Baptist Plaza Surgicare)**
- X F. Other--Identify and document funding from all other sources. **(Tab 5 – Landlord's Letter of Intent, specifically tenant improvement allowance and excess financing)**

**RESPONSE:** Please see **Attachment C, Economic Feasibility – 2 (Tab 15)** for documentation of funding sources.

## 3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

**RESPONSE:** The table below lists the construction cost ranges for Ambulatory Surgical Treatment Centers that submitted CON applications between 2010 and 2012 and were approved.

As a tenant in a newly constructed building, the applicant is not responsible for the costs associated with constructing the building shell. Therefore, historical cost per square foot data pertaining to new construction is not comparable to this project's construction costs. Comparing historical renovation costs to this project's build out costs is more appropriate, as the applicant is only responsible for the build out costs of the shell space. The build out costs proposed by Baptist Plaza are projected at \$174.88 per square foot and are not unreasonable compared to the \$166.28 (3<sup>rd</sup> quartile) experienced for renovation projects between 2010 and 2012.

## COST PER SQUARE FOOT COMPARISON

	Cost per sq/ft		
	Renovation	New Construction	Total
1st Quartile	\$50.00	\$200.00	\$78.42
Median	\$100.47	\$252.74	\$166.28
3rd Quartile	\$166.28	\$292.61	\$244.26

Source: Tennessee Health Services Development Agency

4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

**RESPONSE:** Please refer to the completed charts on the following pages.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

**RESPONSE:** Average gross patient charge per case, as reported in the Historical Data Chart for 2012, was \$9,067. The average deduction from gross patient charges was \$6,730, resulting in an average net charge per case of \$2,337.

Average gross patient charge per procedure, as reported in the Projected Data Chart and based on Year 2 projections, is \$9,067. The average deduction from gross patient charges was \$6,612, resulting in an average net charge per case of \$2,455.

# HISTORICAL DATA CHART 3 45 2013 JUL 15 PM 3 45

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in January.

	Year 2010	Year 2011	Year 2012
A. Utilization Data (ASC cases)	<u>9,247</u>	<u>8,739</u>	<u>8,251</u>
B. Revenue from Services to Patients			
1. Inpatient Services	<u></u>	<u></u>	<u></u>
2. Outpatient Services	<u>\$86,684,853</u>	<u>\$79,257,213</u>	<u>\$74,812,430</u>
3. Emergency Services	<u></u>	<u></u>	<u></u>
4. Other Operating Revenue (Specify)	<u>45,359</u>	<u>45,448</u>	<u>380</u>
<b>Gross Operating Revenue</b>	<u>\$86,730,212</u>	<u>\$79,302,661</u>	<u>\$74,812,810</u>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	<u>\$64,694,743</u>	<u>\$58,816,318</u>	<u>\$55,279,538</u>
2. Provision for Charity Care	<u></u>	<u></u>	<u></u>
3. Provisions for Bad Debt	<u>378,657</u>	<u>226,233</u>	<u>253,490</u>
<b>Total Deductions</b>	<u>\$65,073,400</u>	<u>\$59,042,551</u>	<u>\$55,533,028</u>
<b>NET OPERATING REVENUE</b>	<u>\$21,656,812</u>	<u>\$20,260,110</u>	<u>\$19,279,782</u>
D. Operating Expenses			
1. Salaries and Wages	<u>\$4,762,834</u>	<u>\$4,883,087</u>	<u>\$4,633,661</u>
2. Physician's Salaries and Wages	<u></u>	<u></u>	<u></u>
3. Supplies	<u>6,930,615</u>	<u>6,881,208</u>	<u>6,547,020</u>
4. Taxes	<u>77,674</u>	<u>80,440</u>	<u>90,062</u>
5. Depreciation	<u>616,548</u>	<u>717,638</u>	<u>702,552</u>
6. Rent	<u>616,312</u>	<u>629,005</u>	<u>644,698</u>

7.	Interest, other than Capital	<u>113,282</u>	<u>110,427</u>	<u>104,720</u>
8.	Management Fees:			
a.	Fees to Affiliates	<u>1,515,977</u>	<u>1,418,208</u>	<u>1,349,585</u>
b.	Fees to Non-Affiliates	<u></u>	<u></u>	<u></u>
9.	Other Expenses (Specify)			
	Insurance	<u>116,277</u>	<u>126,522</u>	<u>93,912</u>
	Purchased Services	<u>338,062</u>	<u>317,169</u>	<u>320,443</u>
	Utilities and Maintenance	<u>305,813</u>	<u>348,352</u>	<u>411,865</u>
	Other Miscellaneous	<u>26,162</u>	<u>21,429</u>	<u>26,221</u>
	<b>Total Operating Expenses</b>	<u>\$15,419,556</u>	<u>\$15,533,485</u>	<u>\$14,924,739</u>
E.	Other Revenue (Expenses) - Net (Specify)	<u>\$0</u>	<u>\$3,500</u>	<u>\$15,055</u>
	<b>NET OPERATING INCOME (LOSS)</b>	<u>\$6,237,256</u>	<u>\$4,730,125</u>	<u>\$4,370,098</u>
F.	Capital Expenditures			
1.	Retirement of Principal	<u>\$183,406</u>	<u>\$651,506</u>	<u>\$827,630</u>
2.	Interest	<u>103,972</u>	<u>113,906</u>	<u>114,353</u>
	<b>Total Capital Expenditures</b>	<u>\$287,378</u>	<u>\$765,412</u>	<u>\$941,983</u>
	<b>NET OPERATING INCOME (LOSS)</b>			
	<b>LESS CAPITAL EXPENDITURES</b>	<u>\$5,949,878</u>	<u>\$3,964,713</u>	<u>\$3,428,115</u>

## PROJECTED DATA CHART

2013 JUL 15 PM 3 45

Give us information for the two (2) years following the completion of this proposal. The fiscal year begins in January.

	Year 2015	Year 2016
A. Utilization Data (Cases)	<u>8,493</u>	<u>8,578</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u></u>	<u></u>
2. Outpatient Services	<u>\$77,009,859</u>	<u>\$77,779,958</u>
3. Emergency Services	<u></u>	<u></u>
4. Other Operating Revenue (Specify)	<u></u>	<u></u>
<b>Gross Operating Revenue</b>	<u>\$77,009,859</u>	<u>\$77,779,958</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$55,998,136</u>	<u>\$56,345,899</u>
2. Provision for Charity Care	<u></u>	<u></u>
3. Provisions for Bad Debt	<u>369,569</u>	<u>376,998</u>
<b>Total Deductions</b>	<u>\$56,367,706</u>	<u>\$56,722,897</u>
<b>NET OPERATING REVENUE</b>	<u>\$20,642,153</u>	<u>\$21,057,061</u>
D. Operating Expenses		
1. Salaries and Wages	<u>\$4,825,297</u>	<u>\$4,970,714</u>
2. Physician's Salaries and Wages	<u></u>	<u></u>
3. Supplies	<u>6,775,945</u>	<u>6,946,320</u>
4. Taxes	<u>368,004</u>	<u>372,379</u>
5. Depreciation	<u>822,605</u>	<u>843,545</u>
6. Rent	<u>1,504,397</u>	<u>1,504,397</u>



2013 JUL 15 PM 3 46

7.	Interest, other than Capital	<u>80,977</u>	<u>61,631</u>
8.	Management Fees:		
	a. Fees to Affiliates	<u>1,444,951</u>	<u>1,473,994</u>
	b. Fees to Non-Affiliates	<u>                    </u>	<u>                    </u>
9.	Other Expenses (Specify)		
	Insurance	<u>104,312</u>	<u>108,516</u>
	Purchased Services	<u>684,892</u>	<u>700,853</u>
	Utilities and Maintenance	<u>595,226</u>	<u>612,190</u>
	Other Miscellaneous	<u>26,791</u>	<u>27,461</u>
	<b>Total Operating Expenses</b>	<u>\$17,233,397</u>	<u>\$17,621,999</u>
	Other Revenue (Expenses) – Net (Specify)	<u>                    </u>	<u>                    </u>
	<b>OPERATING INCOME (LOSS)</b>	<u>\$3,408,756</u>	<u>\$3,435,062</u>
	Capital Expenditures		
1.	Retirement of Principal	<u>\$200,012</u>	<u>\$166,686</u>
2.	Interest	<u>13,748</u>	<u>3,817</u>
	<b>Total Capital Expenditures</b>	<u>\$213,760</u>	<u>\$170,503</u>
	<b>OPERATING INCOME (LOSS)</b>		
	<b>+ CAPITAL EXPENDITURES</b>	<u>\$3,194,996</u>	<u>\$3,264,559</u>

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

**RESPONSE:** Average gross patient charge per case, as reported in the Historical Data Chart for 2012, was \$9,067. The average deduction from gross patient charges was \$6,730, resulting in an average net charge per case of \$2,337.

Average gross patient charge per procedure, as reported in the Projected Data Chart and based on Year 2 projections, is \$9,067. The average deduction from gross patient charges was \$6,612, resulting in an average net charge per case of \$2,455.

Representative charges for surgery services at Baptist Plaza are presented in the Medicare charge comparison table found in **Attachment C, Need – 1 (Tab 12)**. Charges at the Baptist Plaza ASTC are projected to be 44% less than those in a hospital-based setting.

Approval of the Baptist Plaza relocation project will not impact existing patient charges.

- B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

**RESPONSE:** As documented in the exhibit below, these charges are competitive with other large ASTCs in Baptist Plaza's service area.

**Service Area ASTC Facilities  
(annual patients > 7,000)  
Average Charge per Patient, 2012**

Facility	Patients	Charge per Patient	
		Gross	Net
Baptist Plaza Surgicare	8,215	\$9,146	\$2,436
Centennial Surgery Center	7,491	\$10,926	\$1,913
Baptist Ambulatory Surgery Center	7,443	\$10,251	\$3,422
Saint Thomas Campus Surgicare	7,446	\$7,115	\$1,696
Cool Springs Surgery Center	7,292	\$8,215	\$1,833
Surgicenter of Murfreesboro Med Clinic	7,984	\$1,280	\$755

Source: ASTC JARs

Representative charges by CPT code for surgery services at Baptist Plaza are presented in the Medicare charge comparison table found in **Attachment C, Need – 1 (Tab 12)**. Charges at the Baptist Plaza ASTC are projected to be 44% less than those similar outpatient surgery services provided in a hospital-based setting. This outpatient rate cost advantage extends to patient co-payments and deductibles.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

**RESPONSE:** Baptist Plaza's proposed relocation project is financially feasible and represents a cost-effective alternative to hospital-based outpatient surgery services. As indicated in the Projected Data Chart, projected utilization will be sufficient to allow Baptist Plaza to continue to operate efficiently and effectively.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

**RESPONSE:** Baptist Plaza is already financially viable. As indicated in the Projected Data Chart, projected cash flow will ensure continued financial viability within two years and over the long-term.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

**RESPONSE:** Baptist Plaza currently participates in two of the three TennCare MCOs operating in Middle Tennessee and has a history of providing care regardless of payor source. Historically, Baptist Plaza has provided care to charity/medically indigent patients at a rate of approximately 0.5% of net revenue.

Projected payor mix is not expected to change from 2012 actual payor mix. During the first year of operation of the relocation project, Baptist Plaza's payor mix is anticipated to be 21.9% Medicare, 1.5% TennCare, and 7.3% self pay. This amounts to a projected \$16,865,159 in Medicare gross charges in Year 1 and \$1,155,148 in TennCare gross charges in Year 1.

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

**RESPONSE:** Please see **Attachment C, Economic Feasibility – 10 (Tab 16)**.

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

- a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

**RESPONSE:** Recognizing the benefits of outpatient surgery centers such as the Baptist Plaza ASTC, Saint Thomas Health is actively involved in 13 other similar joint ventures with United Surgical Partners International throughout the greater Nashville area. Please see **Attachment A4, Related Healthcare Institutions (Tab 3)**.

This strategy remains vital today more than ever, in response to the Affordable Care Act (ACA) and continued pressure from payors to contain healthcare costs. Saint Thomas Health formed one of the nation's first Accountable Care Organizations (ACOs), MissionPoint Health Partners, in August 2011. Its goal is to assist doctors, employers and patients to work more closely together to trim medical costs and make people healthier under insurance plans. The concept behind the physician-led program is to help stakeholders in a patient's care – including doctors, hospitals, pharmacies and payers – to get in sync at a time when insurers are pushing for better coordination of care and linking payment amounts to health outcomes. MissionPoint works closely with patients, both when they are well and when they are sick.

ASTCs such as Baptist Plaza play an important role within the ACA and ACO care delivery model for containing costs, promoting quality and increasing accessibility. As documented in the Medicare pricing differential rates in **Attachment C, Need – 1 (Tab 12)**, freestanding ASCs were reimbursed 44% less than hospital-based facilities in 2013. This has a direct impact on patient deductibles and co-payments as well. Since Medicare rates often form a basis for third-party reimbursement, the impact of this differential on the service area population is even more widespread.

Approval of the Baptist Plaza relocation will meet a number facility deficiencies related to accessibility, efficiency and quality. Only renovations to the mechanical systems (HVAC and electrical) can be accomplished at the existing site. This could possibly reduce fouled air intakes from fumes caused by trucks idling in the adjacent loading dock area. Or, electrical upgrades could possibly enhance power supply reliability. However, Baptist Plaza cannot escape from the lower level (basement) and loading dock areas without a complete rebuild of the entire facility.

Additionally, a near complete or complete rebuild of the entire facility is the only way possible to replace the current, inefficient linear ("bowling alley") design with a more efficient and more rectangular design. Similarly, a near complete or complete rebuild of the entire facility is the only way possible to expand four of the nine operating rooms to 480 square feet to better accommodate staff and equipment associated with more complex surgical cases over the past ten years.

Whether counting operating rooms or patients served, Baptist Plaza is the largest and most highly utilized ASTC in the Nashville metropolitan area. These types of extensive renovations to the existing space simply cannot be accomplished without shutting down the entire ASTC for several months. Thus, relocation to a new site is the only viable option for Baptist Plaza. Although costs for this proposed relocation compare favorably to other similar ACTC projects, costs are not the determining factor in this relocation request. The new site is located approximately one-half block away from the existing site and will thus minimize any access concerns for physicians and patients.

Relocating the facility became the most cost effective and efficient operational decision.

- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

**RESPONSE:** Approval of the Baptist Plaza relocation will meet a number facility deficiencies related to accessibility, efficiency and quality. Only renovations to the mechanical systems (HVAC and electrical) can be accomplished at the existing site. This could possibly reduce fouled air intakes from fumes caused by trucks idling in the adjacent loading dock area. Or,

electrical upgrades could possibly enhance power supply reliability. However, Baptist Plaza cannot escape from the lower level (basement) and loading dock areas without a complete rebuild of the entire facility.

Additionally, a near complete or complete rebuild of the entire facility is the only way possible to replace the current, inefficient linear ("bowling alley") design with a more efficient and more rectangular design. Similarly, a near complete or complete rebuild of the entire facility is the only way possible to expand four of the nine operating rooms to 480 square feet to better accommodate staff and equipment associated with more complex surgical cases over the past ten years.

Whether counting operating rooms or patients served, Baptist Plaza is the largest and most highly utilized ASTC in the Nashville metropolitan area. These types of extensive renovations to the existing space simply cannot be accomplished without shutting down the entire ASTC for several months. Thus, relocation to a new site is the only viable option for Baptist Plaza. Although costs for this proposed relocation compare favorably to other similar ACTC projects, costs are not the determining factor in this relocation request. The new site is located approximately one-half block away from the existing site and will thus minimize any access concerns for physicians and patients.

Relocating the facility became the most cost effective and efficient operational decision.

## CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

**RESPONSE:** Baptist Plaza has many active managed care contracts in place to provide for seamless care of its patients, including:

### Managed Care Contracts

- Aetna / US Healthcare
- Aetna Institutes of Quality Bariatric Surgery Facility
- Aetna Institutes of Quality Orthopedic Care
- Alive Hospice
- Americhoice
- AMERIGROUP Community Care
- Avalon Hospice
- Beech
- BC/BS of TN
- CCN
- Blue Distinction Center for Bariatric Surgery
- Blue Distinction Center for Knee and Hip Replacement
- Blue Distinction Center for Spine Surgery
- Bluegrass Family Health
- CenterCare Managed Care Programs
- Cigna Healthplan
- CorVel Corporation
- Coventry Health Care
- Division of Rehabilitation Services
- First Health
- FOCUS Healthcare Management
- Great West
- HealthMarkets Care Assured
- Health Payors Organization, Ltd. / Interplan Healthgroup
- HealthSpring
- Humana Health Care Plans
- KY Medicaid
- MultiPlan
- NovaNet
- OccuComp
- Odyssey Healthcare
- Prime Health
- Private Healthcare Systems, Ltd.
- Pyramid Life - Today's Options
- Signature Health Alliance
- Southern Benefit Administrators, Inc.
- Starbridge Choice
- Sterling Healthcare
- TriCare for Life
- TRICARE North

- TRICARE South
- United Healthcare
- USA Managed Care Organization
- Windsor HealthCare

#### Transfer Agreements

- Baptist Plaza maintains a transfer agreement with Baptist Hospital in Nashville. Baptist Hospital is across the street from both Baptist Plaza's existing and proposed sites.

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

**RESPONSE:** This project proposes the relocation of the existing Baptist Plaza ASTC to a new medical office building approximately one-half block from the current location.

**Positive Effects.** There will be no change in the existing complement of nine operating rooms and one procedure room. No major equipment is proposed. The existing space will revert back to Healthcare Realty Trust, presumably for medical-related uses.

Construction of approximately 25,141 square feet of usable space (28,500 rentable) will be required. An inefficient linear ("bowling alley") design will be replaced with a more efficient and more rectangular design. Four of the nine operating rooms will be expanded to 480 square feet to better accommodate staff and equipment associated with more complex surgical cases over the past ten years. Pre-op cubicles will be increased from 12 to 13. The post anesthesia care unit (PACU) cubicles will be increased from 10 to 18, and private rooms from 2 to 3.

Approval of the Baptist Plaza relocation project will improve access to and the quality of cost-effective outpatient surgery services. The existing space is approximately 10 years old and was used previously as a hospital outpatient department.

- The facility project will improve patient accessibility by relocating from a congested lower level (basement) location to a new first floor location.
- Mechanical systems (HVAC and electrical) will be upgraded.
- An inefficient linear ("bowling alley") design will be replaced with a more efficient and more rectangular design.
- Four of the nine operating rooms will be expanded to 480 square feet to better accommodate staff and equipment associated with more complex surgical cases over the past ten years. Support areas will be expanded as well.

Whether counting operating rooms or patients served, Baptist Plaza is the largest and most highly utilized ASTC in the Nashville metropolitan area. These types of extensive renovations to the existing space simply cannot be accomplished without shutting down the entire ASTC for several months. Thus, relocation to a new site is the only viable option for Baptist Plaza.

**Negative Effects.** The benefits above are intended for the existing physicians and patients of Baptist Plaza. The project can be achieved without negative effects on the existing health care system. As documented previously, service area population growth (1.1% annually, all ages, 2013 – 2018) will continue to support ASTC utilization both at Baptist Plaza and throughout the service area.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

**RESPONSE:** There are approximately 90 full-time equivalent employees (FTEs) already at Baptist Plaza, including 49 nursing FTEs and 26 operating room tech FTEs. No staffing changes are anticipated due to the relocation.

Additional candidates are readily available from within the existing surgery center network or in the marketplace in general. Baptist Plaza will utilize a number of channels to secure needed staff, including in-house listings of available positions, advertisements in local and regional newspapers, advertisements in professional publications, and recruiting firms. Saint Thomas Health, United Surgical Partners International and Baptist Plaza all have a history of successfully retaining and recruiting professional and administrative staff because they provide competitive compensation and benefits and are committed to the retention of existing personnel.

The exhibit below illustrates current and proposed staffing levels of the proposed project.

**CURRENT AND PROPOSED STAFFING LEVELS  
(FULL TIME EQUIVALENTS)**

Position	Current	Proposed	FTE Variance
RN	49.0	49.0	0.0
Surg Tech	26.0	26.0	0.0
Med Assist/Ofc	15.0	15.0	0.0
<b>Total FTEs</b>	<b>90.0</b>	<b>90.0</b>	<b>0.0</b>

The table below, profiles comparable positions and salaries for the Nashville-Davidson-Murfreesboro MSA. Baptist Plaza's salaries and wages (excluding benefits and bonuses) are not only competitive with the market, but are often above average. Proposed hourly salaries for key positions are presented below.

**NASHVILLE-DAVIDSON-MURFREESBORO MSA  
MAY 2012 HOURLY WAGE RATES**

Position	Projected Compensation	Nashville MSA			
		25th Pctile	Mean	Median	75th Pctile
RN	\$30.00	\$23.65	\$31.00	\$28.90	\$34.75
Surg Tech	\$20 - \$25	\$16.49	\$20.24	\$19.21	\$23.61
Med Assist/Ofc	\$15 - \$22	\$12.40	\$14.75	\$14.25	\$17.00

**Source:** Tennessee Department of Labor & Workforce Development

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

**RESPONSE:** A number of channels are utilized to retain and replace staff, including in-house listings of available positions, advertisements in local and regional newspapers, advertisements in



professional publications, and recruiting firms. Saint Thomas Health, United Surgical Partners International and Baptist Plaza all have a history of successfully retaining and recruiting professional and administrative staff. They provide competitive compensation and benefits and are committed to the retention of existing personnel.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

**RESPONSE:** Baptist Plaza has reviewed and understands the licensure and certification requirements for medical and clinical staff. As an existing licensed and accredited facility, Baptist Plaza has administrative policies and procedures in place to ensure that licensure and certification requirements are followed. Furthermore, Baptist Plaza maintains quality standards that are focused on continual improvement.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

**RESPONSE:** The applicant is not currently involved in any training programs, but is willing to consider this under the auspices of an appropriate educated institution.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

**RESPONSE:** Baptist Plaza is licensed by the Tennessee Department of Health. The current license expires May 25, 2014. Baptist Plaza has reviewed and understands the licensure requirements.

(b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

**RESPONSE:** Licensure: Board of Licensing Health Care Facilities, State of Tennessee, Department of Health. The current license expires May 25, 2014. Please see **Attachment C, Contribution to the Orderly Development of Health Care – 7.(b) (Tab 17).**

Accreditation: Baptist Plaza is accredited by The Joint Commission and was last surveyed on June 5, 2013. Please see **Attachment C, Contribution to the Orderly Development of Health Care – 7.(b) (Tab 18).**

(c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

**RESPONSE:** Please see **Attachment C, Contribution to the Orderly Development of Health Care – 7.(b) (Tab 17).** The current license is valid until May 25, 2014.

(d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

**RESPONSE:** There are no outstanding deficiencies.

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

**RESPONSE:** There have been no final orders or judgments placed against Baptist Plaza or any entity or person with more than 5% ownership.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

**RESPONSE:** There have been no civil or criminal judgments against Baptist Plaza or any entity or person with more than 5% ownership.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number, and type of procedures performed, and other data as required.

**RESPONSE:** Yes, Baptist Plaza will continue to provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number, and type of procedures performed, and other data as required. Additionally, Baptist Plaza submits a Joint Annual Report (JAR) to the Department of Health and will continue to do so.

## PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

**RESPONSE:** Please see Attachment D – Proof of Publication (Tabs 19-20).

## DEVELOPMENT SCHEDULE

Tennessee Code Annotated §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the "good cause" for such an extension.

**RESPONSE:** Please see the project forecast completion chart below.

Form HF0004  
Revised 02/01/06  
Previous Forms are obsolete

PROJECT FORECAST COMPLETION CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-160:

10/24/2013

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

	DAYS REQUIRED	Anticipated Date (MONTH/YEAR)
1. Architectural and engineering contract signed	15	Oct-13
2. Construction documents approved by the Tennessee Department of Health	165	Apr-13
3. Construction contract signed	30	May-14
4. Building permit secured	15	May-14
5. Site preparation completed	30	Jun-14
6. Building construction commenced	30	Jul-14
7. Construction 40% complete	90	Sep-14
8. Construction 80% complete	60	Nov-14
9. Construction 100% complete (approved for occupancy)	60	Jan-15
10. *Issuance of license	30	Feb-15
11. *Initiation of service	15	Feb-15
12. Final Architectural Certification of Payment	15	Mar-15
13. Final Project Report Form (HF0055)	15	Apr-15

\* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

**Note:** If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

2013 JUL 15 PM 3 46

AFFIDAVITSTATE OF TennesseeCOUNTY OF Williamson

M. Corey Ridgway being first duly sworn, says that he/she is the applicant named in this application or his/her lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

[Signature] VP  
SIGNATURE/TITLE

Sworn to and subscribed before me this 12<sup>th</sup> day of July 2013 a Notary  
(Month) (Year)

Public in and for the County/State of Williamson, TN

[Signature]  
NOTARY PUBLIC

My commission expires 11/2 2013  
(Month/Day) (Year)

Certificate of Need Application  
Baptist Plaza Surgicare

July 15, 2013  
Page   



## **TABLE OF CONTENTS**

### **Attachment A**

- Tab 1 - Corporate Charter
- Tab 2 - Organizational/Ownership Chart
- Tab 3 - Related Healthcare Institutions
- Tab 4 - Management Agreement
- Tab 5 - Site Entitlement
- Tab 6 - MCO/BHO Participation

### **Attachment B**

- Tab 7 - Plot Plan
- Tab 8 - Maps of Service Area Access
- Tab 9 - Schematics

### **Attachment C**

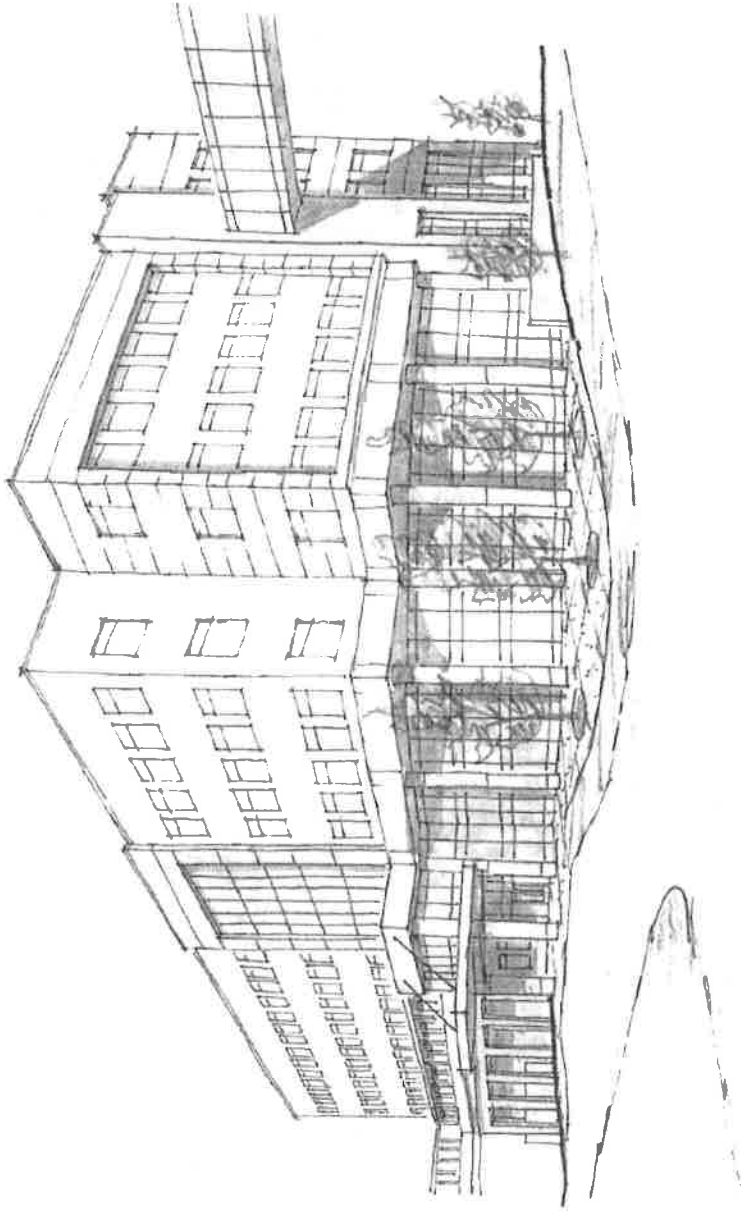
- Tab 10 - Service Area Map
- Tab 11 - ASTC Trend Data
- Tab 12 - Medicare Rate Comparisons
- Tab 13 - Service Area TennCare Population/Demographic Data
- Tab 14 - Construction Costs Verification Letter
- Tab 15 - Verification of Funding
- Tab 16 - Balance Sheet and Income Statement
- Tab 17 - Facility License
- Tab 18 - Accreditation

### **Attachment D**

- Tab 19 - Copy of Published Public Notice
- Tab 20 - Letter of Intent

**Attachment A, 6**

**Site Entitlement**



**Church Street Medical Center**  
 20th Avenue and Church Street  
 Nashville, TN







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N.T. Brinkman, Inc.  
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Charlottesville, VA 22901

**Michael Dossett**

mldossett@comcast.net  
c 615.881.0441



### The Project

Church Street Partners, LLC ("CSP"), a development partnership of N.T. Brinkman, Inc. ("NTBI") and Chestnut Development Partners, LP ("CDP"), intends to develop a 5-story, +/-150,000 square foot medical office building ("MOB") and freestanding parking garage adjacent to Baptist Hospital's campus in Nashville, TN. The MOB, initially conceived and driven by the commitment of Elite Sports Medicine and Orthopaedic Center, is expected to be home to a number of Nashville's best specialty medical practices and service providers including world class sports medicine and orthopedic surgery, obstetrics and gynecology, cardiac care, and an outpatient surgery facility. The MOB will be connected to Baptist Hospital via an enclosed walkway intersecting the MOB at the fourth floor.

Construction of the MOB is slated to begin in the Fall of 2013 and the Shell is scheduled for completion in Fall 2014. It is anticipated that tenants will begin taking occupancy in the Spring of 2015. All leases are net and Base Rent is expected to be between \$21.25 per Net Rentable Square Foot that includes a Tenant Build-out Allowance (TI Allowance) of \$50.00 per Net Rentable Square Foot, to be utilized for design and construction of tenant improvements, based on a ten (10) year lease term. Under certain circumstances, CSP is willing to finance limited amounts of additional tenant improvement cost over the initial term of the lease.

Baptist Hospital has developed a long-term Master Plan that envisions a revitalized campus, solidifying its identity as a hospital and healthcare zone that improves accessibility and parking for both patients and medical practice staff. In the event that Baptist Hospital undertakes the recommendations of the Master Plan, this project will be a key piece of the campus renewal plan. As part of this Master Plan, the urban grid surrounding the campus is anticipated to benefit from improved patient access and streetscapes with the intersection of Church Street and 20<sup>th</sup> Avenue North becoming a main entrance to the hospital campus. As such, the entrance to the MOB will be ideally and strategically located off 20<sup>th</sup> Avenue North ½ block north of the Church Street and 20<sup>th</sup> Avenue North intersection. The alley which is located between Church and State Streets will also be improved in order to allow for patient pick up and drop off at a lobby located along the new driveway. Through this driveway will also be access to the dedicated, free-standing parking garage which is anticipated to have in excess of 400 parking spaces.

Patients and tenants will be able to access the building either through the aforementioned First Floor lobby or through direct access from the parking garage. The parking garage will be connected to the MOB via a covered, above ground walkway that will enter the building on the Second Floor of the MOB. This Second Floor will serve as the primary entrance to the building. The lobby, which will be two stories in height, will feel very open and inviting through the use of glass walls, a retail area that may have a coffee bar, and seating areas for patients and visitors. Both the First and Second Floor lobbies will include a digital building directory to better orient arriving patients to the location of services and practices in the facility.



The MOB will be served by four elevators, three of which will be accessed from the building lobbies and a fourth elevator sized to accommodate stretchers which will be available only for the use of building tenants. This fourth elevator, located separately from the other elevators, will access all of the floors and will additionally access the lower level of the building. The lower level of the building will include a small number of VIP parking spaces and will also be utilized for supply deliveries and other building services such as the mail room.

The building exterior is a combination of brick and curtain-wall. Heating, ventilating and air-conditioning will be provided by rooftop units. Individual office suites will have HVAC control, with zones averaging 700 square feet. A security system will provide access control to the building. Floor plans, a building elevation, and a site plan are included later in this document.

Tenants may select the size and location of practice space according to their needs (minimum 1,600 Usable Square Feet), limited only by availability and the leasability of residual space resulting from their desired location and suite size. All suites are custom designed to the requirements of each particular practice. As all leases are net, tenants pay a monthly charge for Operating Rent as their portion of annual Operating Expenses (utilities, taxes, maintenance, insurance, management, etc.). At the end of each lease year, budgeted Operating Expenses (and payments by tenants as Operating Rent) will be reconciled against actual expenses and each tenant will either be charged or credited the difference. Annual charges for Operating Rent are then adjusted for the succeeding lease year. Operating Expenses for the first lease year are tentatively projected to be \$8.41 per Net Rentable Square Foot, in addition to Base Rent. Leases contain a 3.0% annual escalation for Base and Operating Rent.

Summary Lease Terms

Gross Rent – Year 1	Less than \$30 per rentable square foot (Base Rent: \$21.25 per rentable square foot; Pass Through Operating Expenses: \$8.41 per rentable square foot)
Annual Escalations	3% annual increase
Tenant Improvement Allowance	\$50.00 per rentable square foot
Lease Term	10 Years
Renewal Options	Two Five Year Options to Renew

The MOB is being developed and will be owned by Church Street Partners, LLC, a partnership of an affiliate of N.T. Brinkman, Inc., a healthcare development firm whose sole business for the last thirty years has been the development, funding and operation of healthcare facilities, and an affiliate of Chestnut Development Partners, LP, a real estate investment fund whose principals possess over \$100 million of real estate development and investment experience.



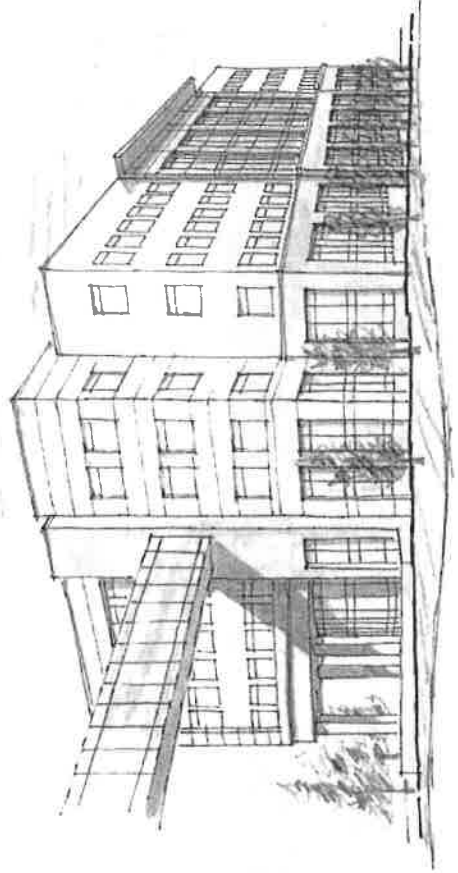
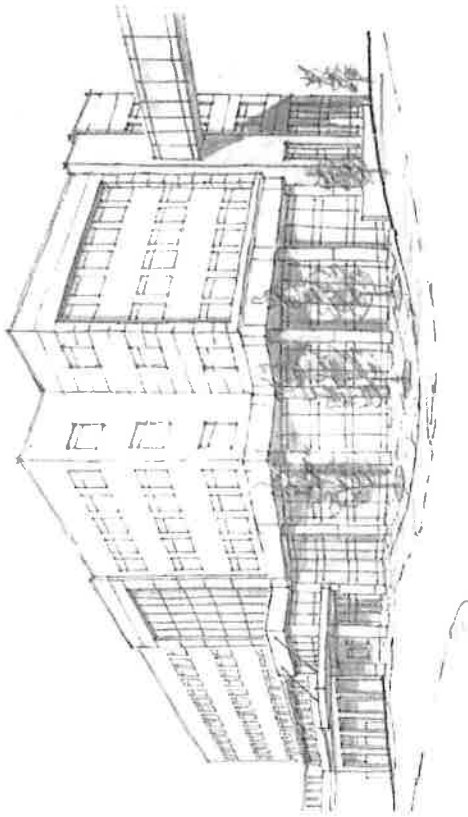
N.T. Brinkman's experience as a healthcare development firm spans a range from multiple full replacement hospital campuses, to offices for more than a thousand physicians. Development and operation of ambulatory surgical and diagnostic facilities has been a particular specialty. N.T. Brinkman currently owns and operates healthcare facilities in both the Nashville and Knoxville markets.

#### **Tenant Investment Opportunity**

Tenants will have the opportunity to invest in the MOB under the same general expectations of Return on Investment as CSP. For those Tenants interested in investment, a Subscription Agreement, defining expectations with respect to the terms, rights and obligations of that investment, will be provided for execution along with their Lease. A Private Placement Memorandum (PPM), providing more specific information regarding the investment opportunity, is currently being prepared, and will be provided to interested tenants along with the Lease and Subscription Agreement forms. The PPM will include such information as summary financials on the development budget, a narrative with graphics describing the project and the MOB, a form Subscription Agreement, basic schematic architectural documents for the building and the site, a project timeline, and projections of income and expense along with a pro forma annual return on investment.



Architectural Renderings





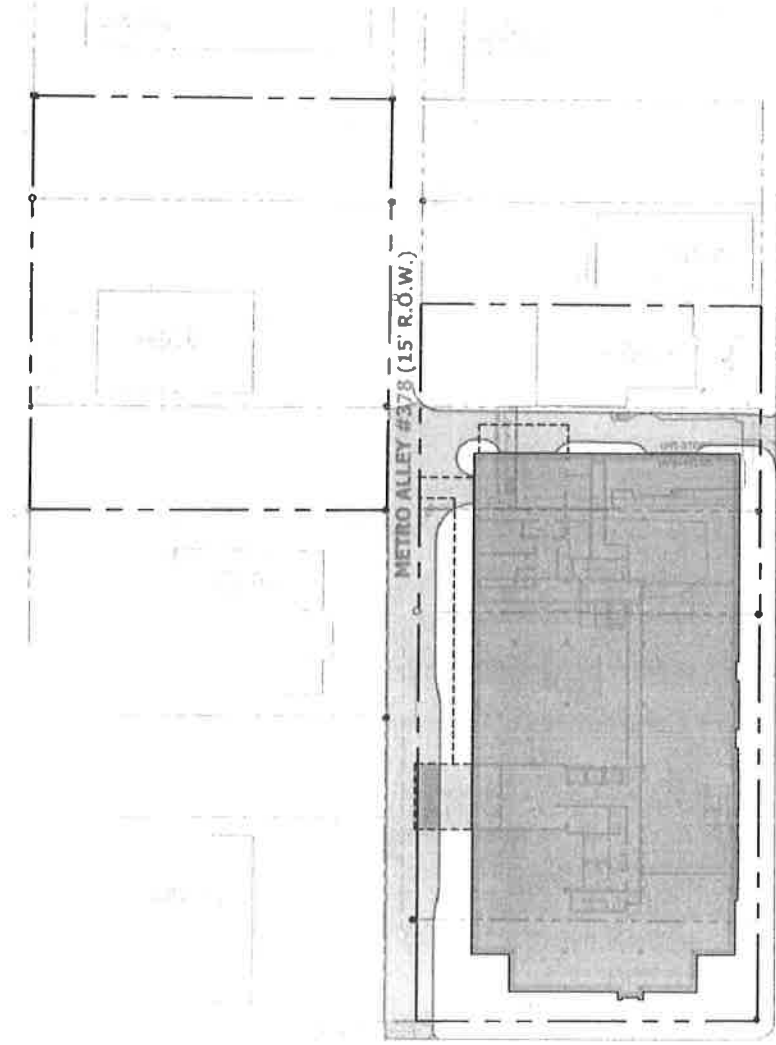
**CHESTNUT**  
Development Partners



**Proposed Site Plan**



STATE STREET (50' R.O.W.)



20TH AVE. NO. (50' R.O.W.)

CHURCH STREET (65' R.O.W.)

[illegible]

## LOWER LEVEL PLAN

**NOT TO SCALE**

20TH AVENUE AND CHURCH STREET  
MEDICAL OFFICE BUILDING

LOWER LEVEL PLAN

JUNE 4, 2013

PARKING GARAGE

ALLEY

UNEKCAVATEB

CHURCH STREET

1

Confidential

Page 8

000159

6/26/2013

Architectural drawing of the first floor plan for the Medical Office Building. The plan shows a large rectangular building with a central corridor and various rooms. Key areas include a Covered Plaza on the left, a Patient and Outpatient Area, a Waiting Area, a Reception Area, a Nurse Station, a Pharmacy, a Laboratory, a Radiology Department, and a Conference Room. The building is surrounded by a parking lot and an alley. The drawing includes dimensions, room numbers, and a north arrow.

**20TH AVENUE AND CHURCH STREET**

**FIRST FLOOR PLAN**

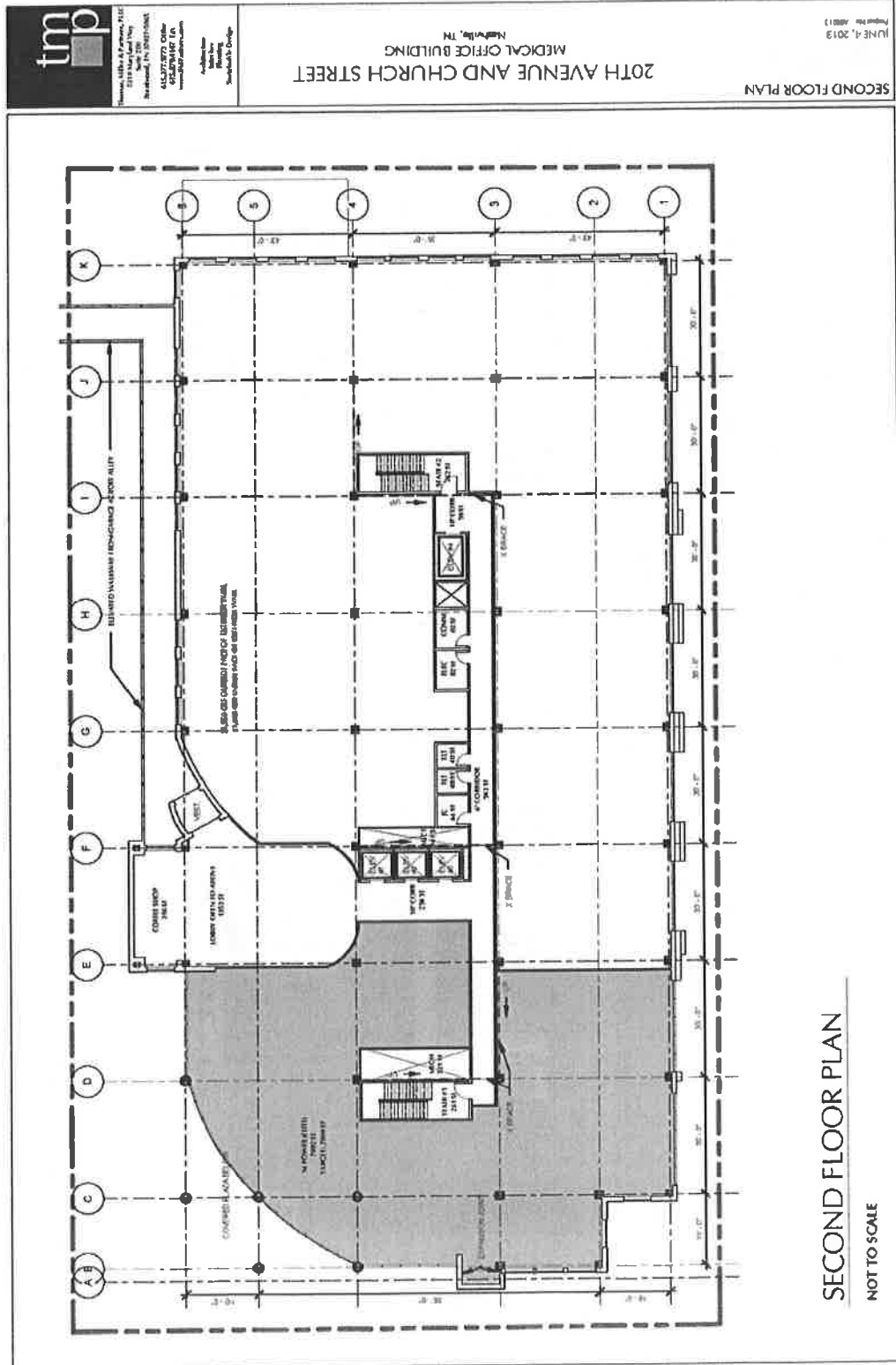
**FIRST FLOOR PLAN**

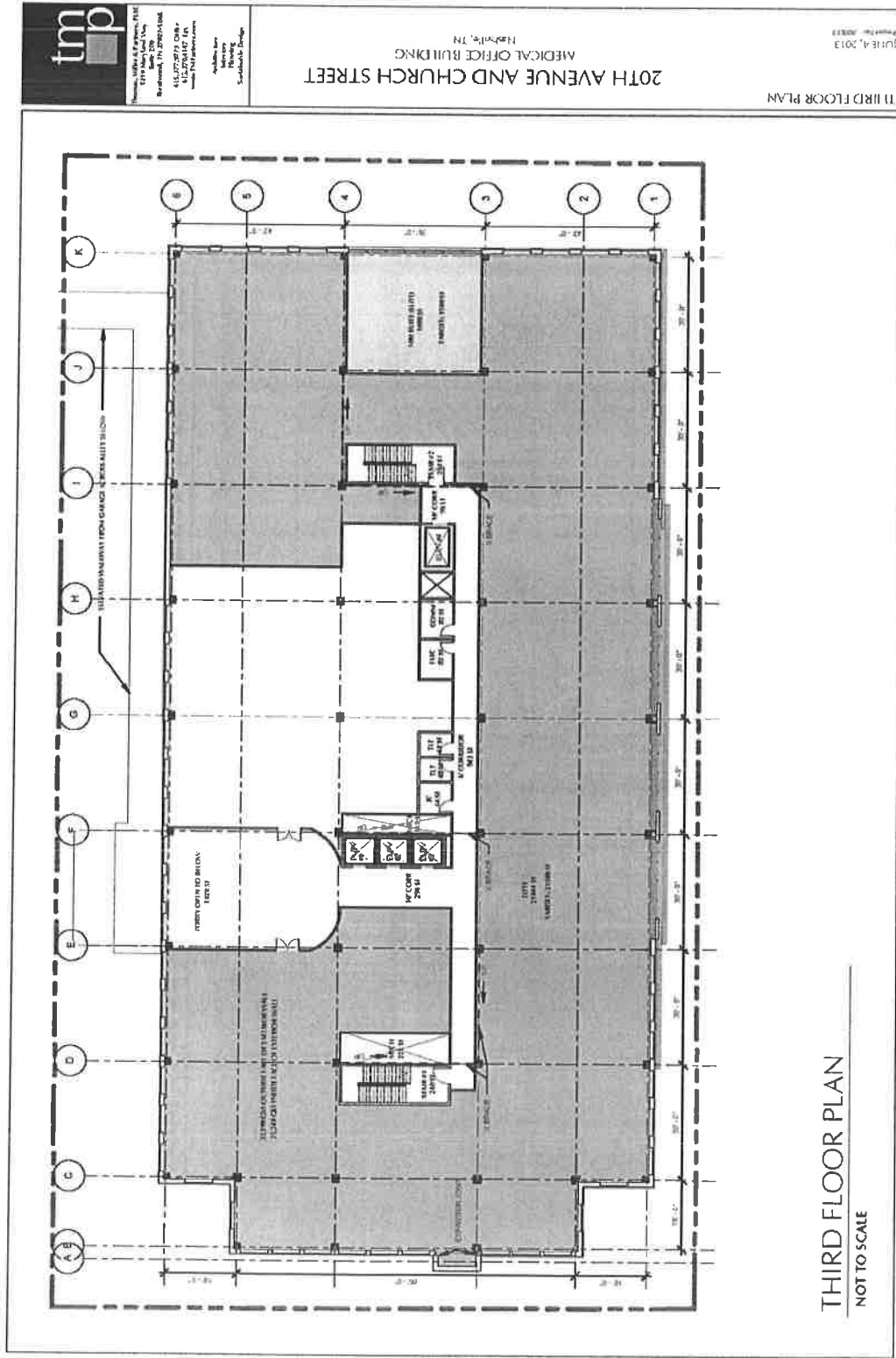
**NOT TO SCALE**





Proposed Floor Plan -- Second Floor



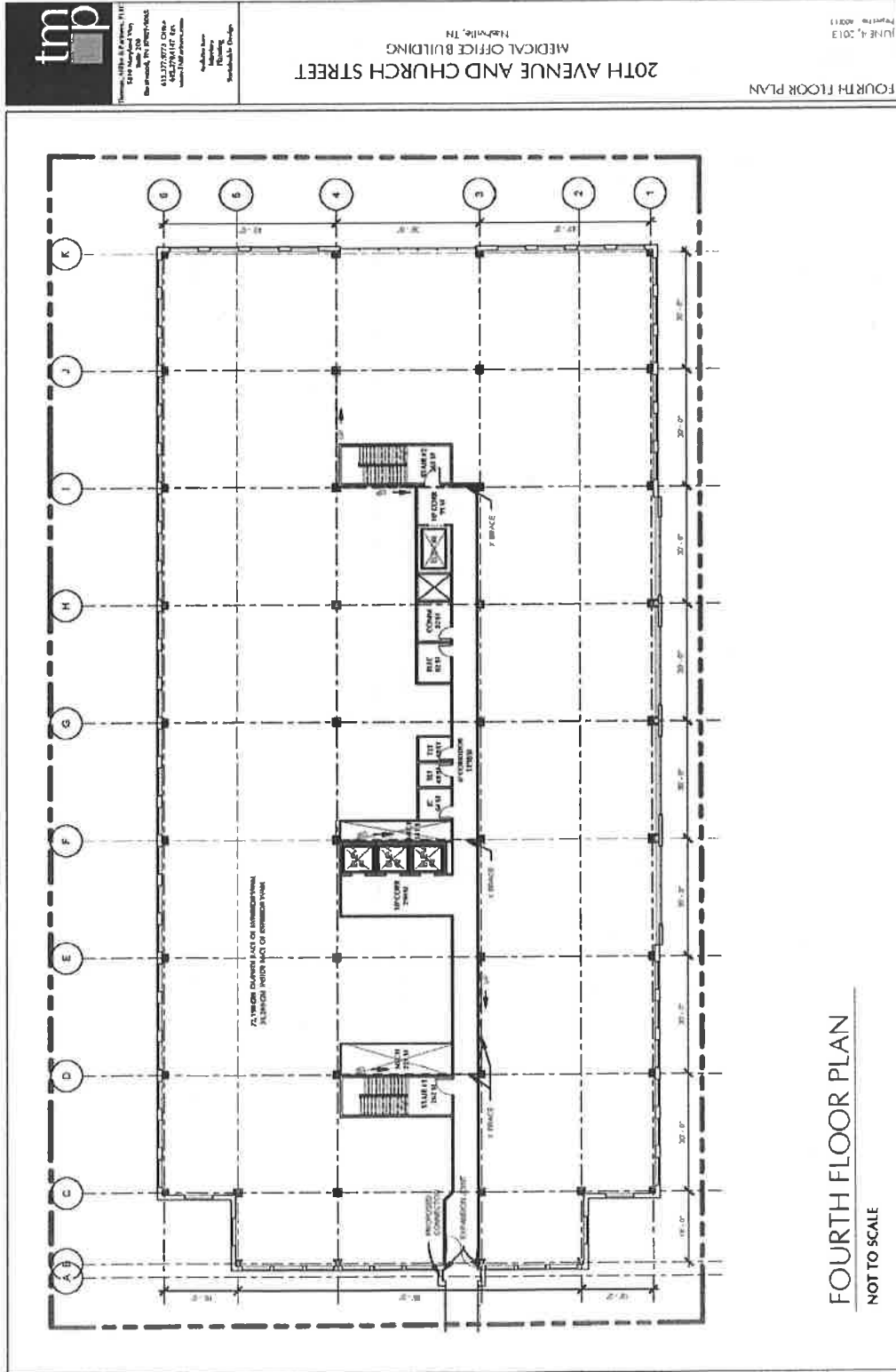


000162

6/26/2013

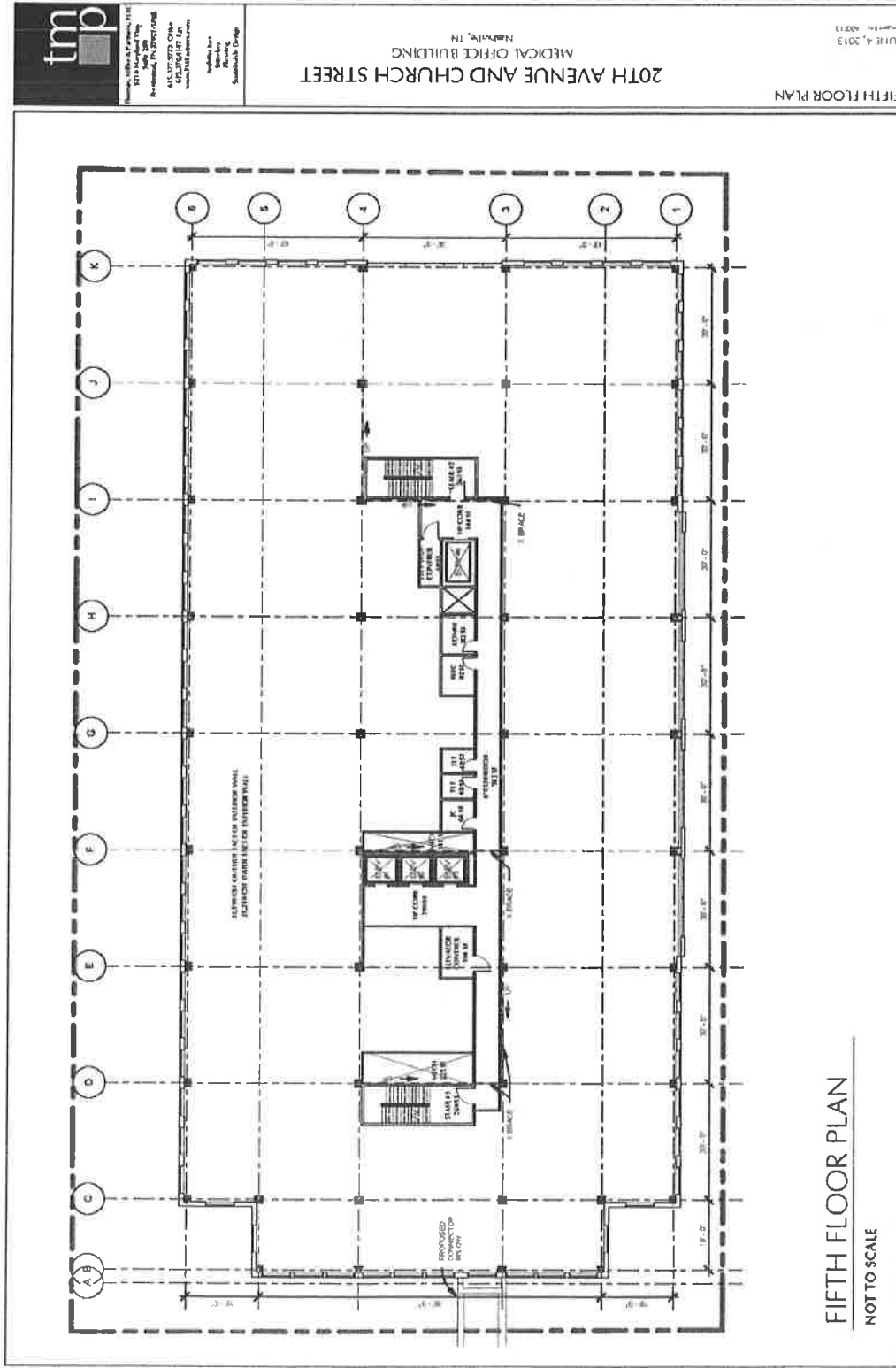


Proposed Floor Plan – Fourth Floor





Proposed Floor Plan – Fifth Floor



**Attachment B, III.(A)**

**Plot Plan**

CIVIL SITE

PRELIMINARY  
NOT FOR  
CONSTRUCTION

CHURCH STREET - M.O.B.  
CHURCH STREET  
NASHVILLE, DAVIDSON COUNTY, TENNESSEE

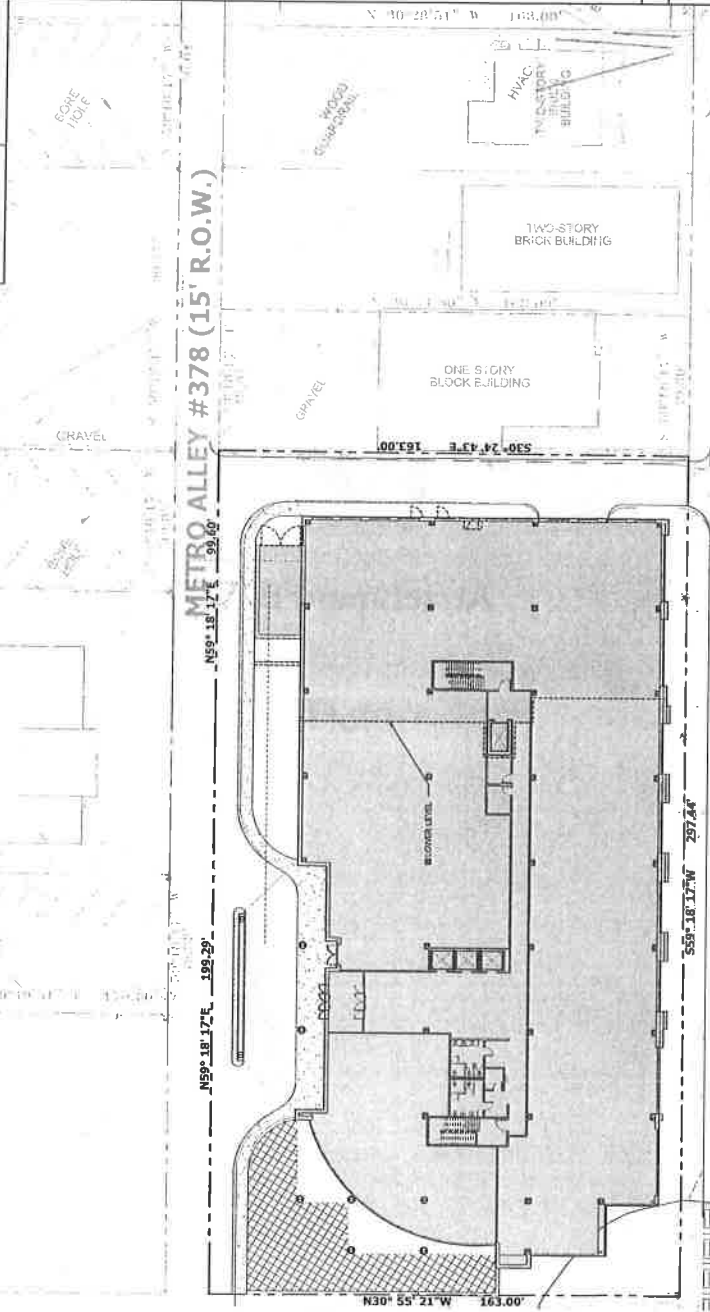
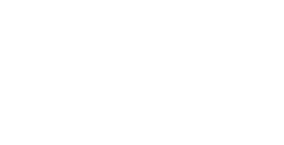
SITE LAYOUT PLAN

REV. COMMENTS

DATE

C2.00

2025 11/18/24

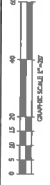


20TH AVE. NO. (50' R.O.W.)

CHURCH STREET (65' R.O.W.)

MAP 92-12 - PARCELS 267, 268, 270, 271,  
272, 274, 276, 278, 279, 281, 283, 284, & 287

PROJECT BENCHMARK  
DESCRIPTION: MAGNETIC NAIL  
ELEVATION: 461.62 (NAVD83)



DATE



**Tab 8**

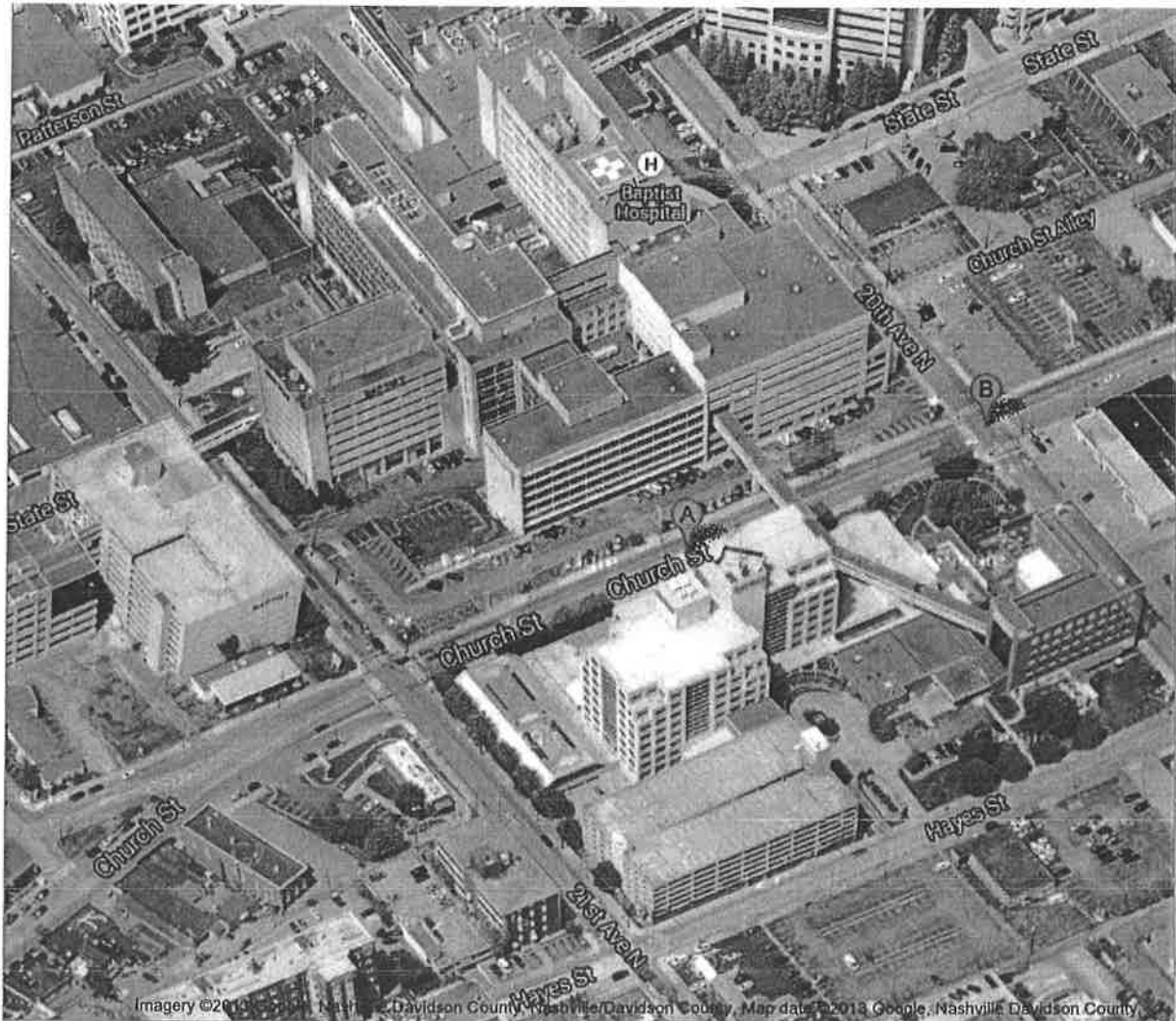


**Attachment B, III.(B).1**

**Maps of Service Area Access**

Google

To see all the details that are visible on the screen, use the "Print" link next to the map.



**Driving directions to Church St & 20th Ave N, Nashville, TN 37203**

3D



**2011 Church St**  
Nashville, TN 37203

**1. Head northeast on Church St toward 20th Ave N**

328 ft



**Church St & 20th Ave N**  
Nashville, TN 37203

These directions are for planning purposes only. You may find that construction projects, traffic, weather, or other events may cause conditions to differ from the map results, and you should plan your route accordingly. You must obey all signs or notices regarding your route.

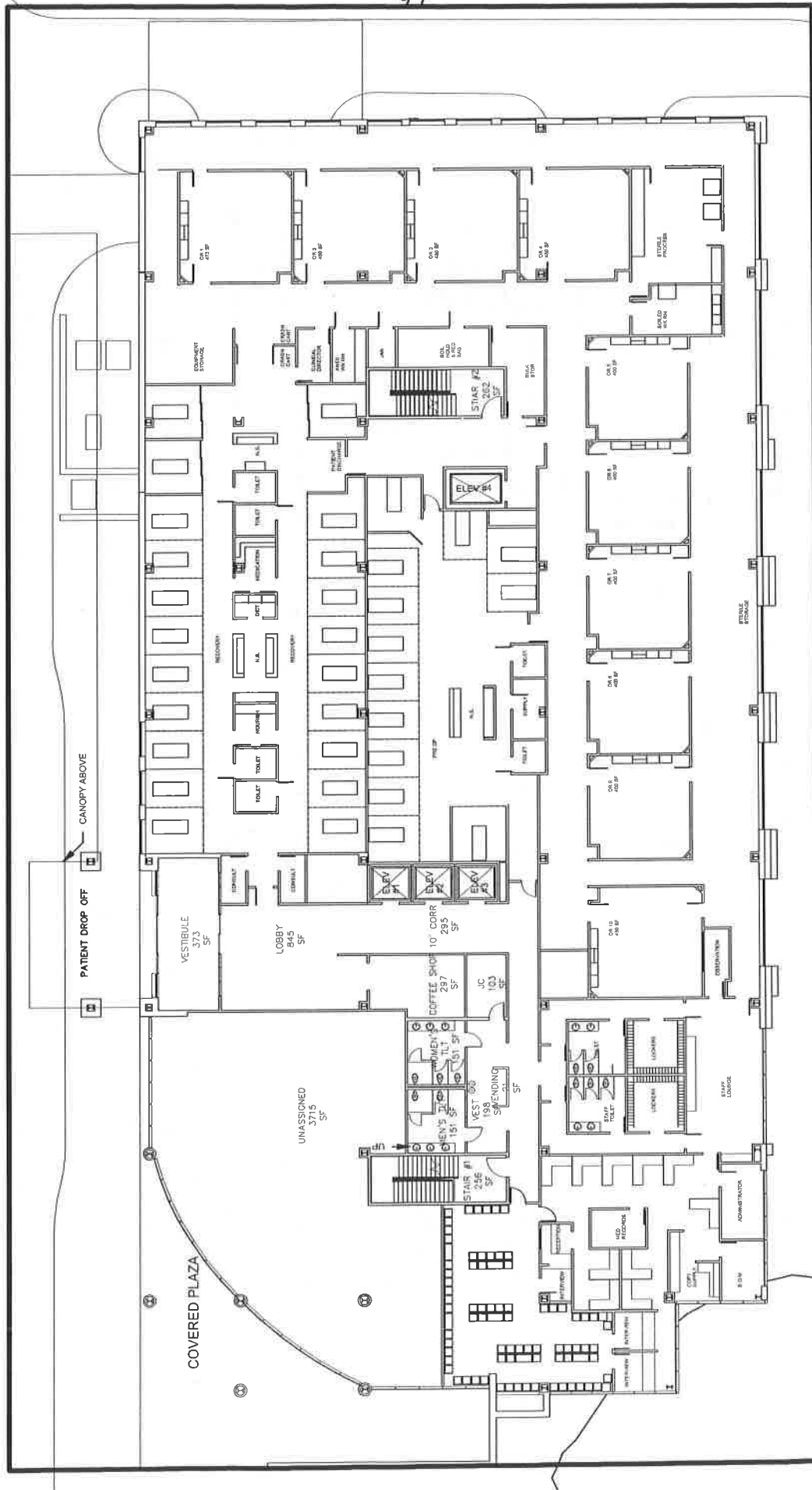
Map data ©2013 Google, Nashville Davidson County, Nashville/Davidson County

**Tab 9**

**Attachment B, IV**

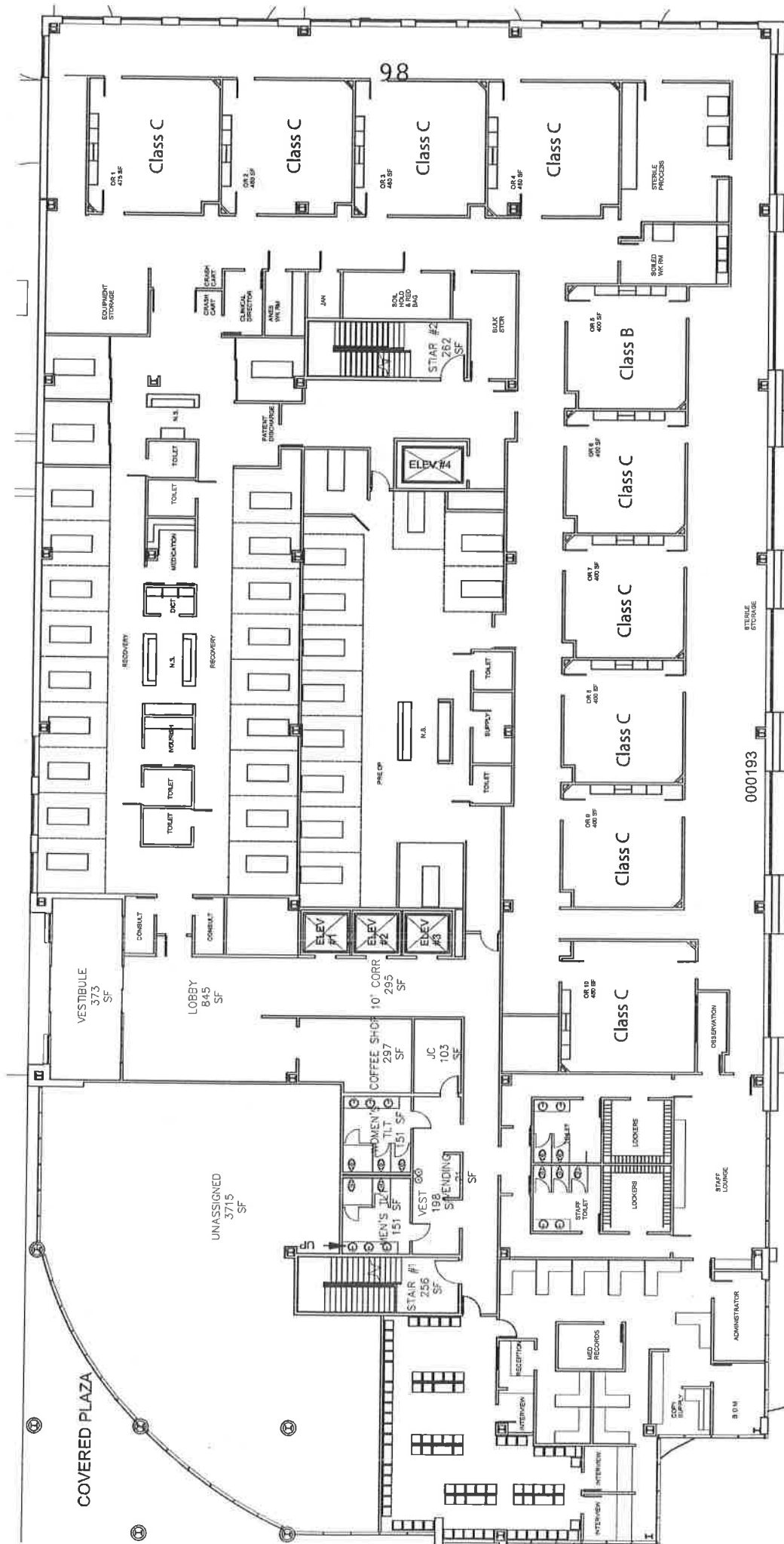
**Schematics**

ALLEY



CHURCH STREET

000192



**Attachment C**

**Service Area Map  
ASTC Trend Data  
Medicare Rate Comparisons  
Service Area TennCare Population  
Construction Costs Verification Letter  
Verification of Funding  
Balance Sheet and Income Statement  
Facility License  
Accreditation**

100

**Tab 10**

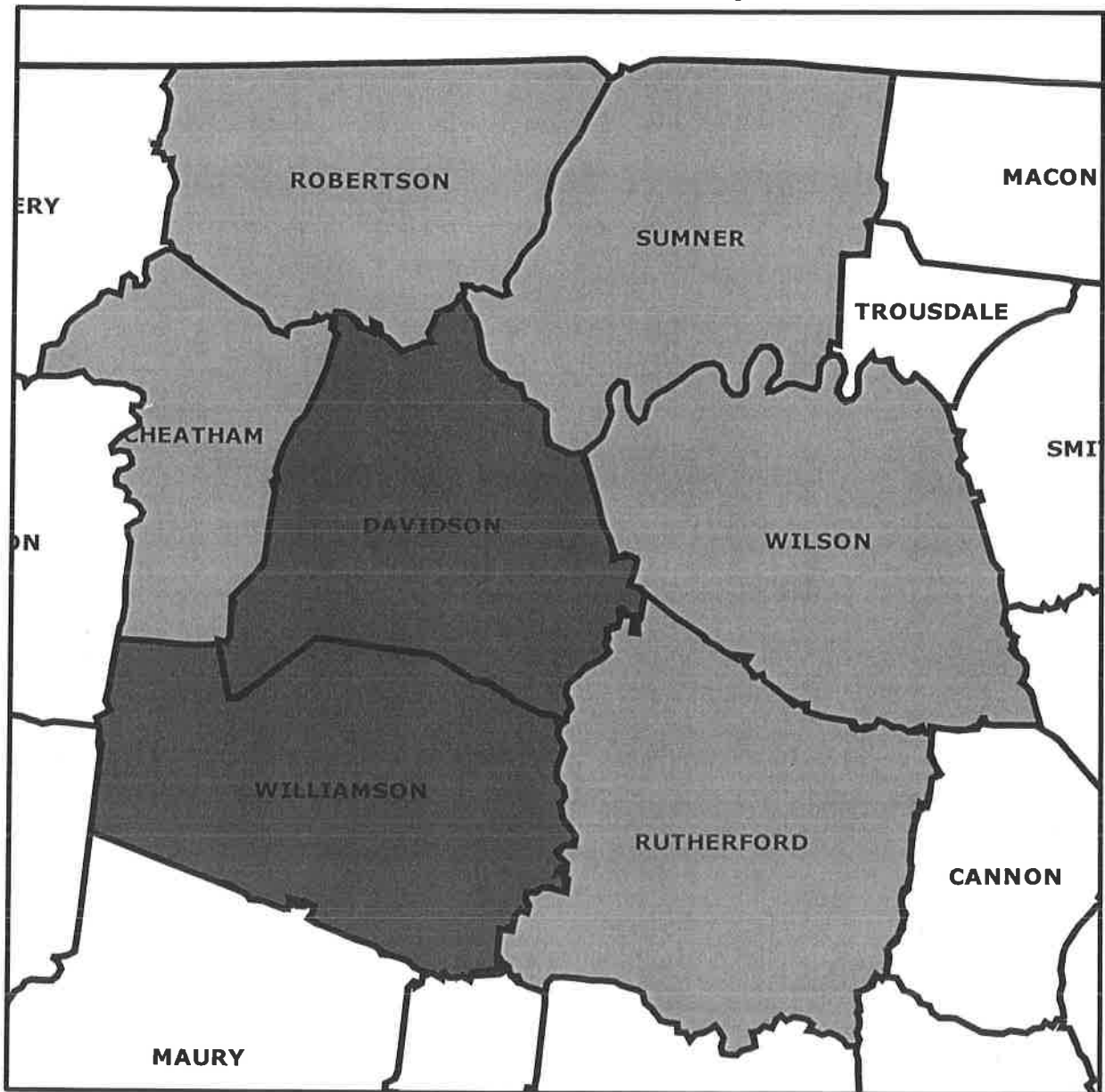
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**Attachment C  
Need - 1**

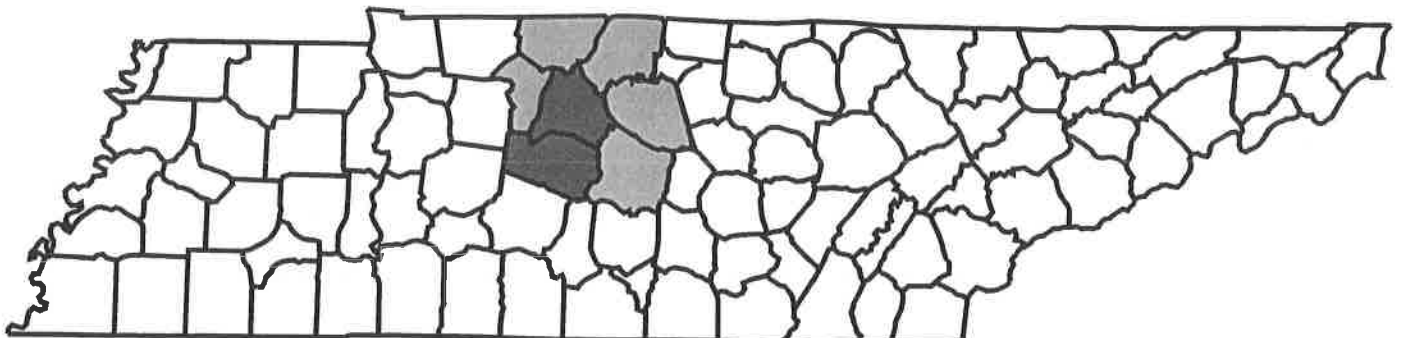
**Service Area Map**

## Service Area Map



■ Primary Service Area

■ Secondary Service Area



**Tab 11**

**Attachment C  
Need - 1**

**ASTC Trend Data**

Joint Annual Report of Ambulatory Surgical Treatment Centers (ASTC)  
2010

#	State ID	Facility Name	County	Operating Rooms	Procedure Rooms	Patients	Procedures	Admissions/ Discharges
1	19738	Gurley Surgery Center	Davidson	0	3	365	380	365
2	19277	Centennial Surgery Center	Davidson	6	2	7,217	13,403	7,217
3	19279	Northridge Surgery Center	Davidson	4	1	3,673	9,599	3,673
4	19280	Urology Surgery Center	Davidson	3	3	6,230	9,744	7,715
5	19301	Digestive Disease Endoscopy Center	Davidson	0	4	6,041	7,597	6,246
6	19302	Nashville Endoscopy Center	Davidson	0	3	2,615	2,975	2,615
7	19303	Southern Endoscopy Center	Davidson	0	3	2,966	3,486	2,966
8	19304	Mid State Endoscopy Center	Davidson	0	3	2,523	3,180	2,523
9	19313	St. Thomas Medical Group Endoscopy Center	Davidson	0	2	3,502	4,400	3,502
10	19606	Nashville Gastrointestinal Endoscopy Center	Davidson	0	2	2,451	3,011	2,451
11	19608	Nashville Surgery Center	Davidson	5	1	4,141	5,392	4,141
12	19610	Oral Facial Surgery Center	Davidson	3	4	2,290	2,290	2,290
13	19627	Wesley Ophthalmic Plastic Surgery Center	Davidson	1	0	834	933	933
14	19651	Associated Endoscopy	Davidson	0	3	4,738	4,994	4,738
15	19652	Baptist Ambulatory Surgery Center	Davidson	6	1	7,472	12,709	7,680
16	19676	The Center for Assisted Reproductive Technologies, LLC	Davidson	0	2	230	312	312
17	19688	Eye Surgery Center of Nashville, LLC	Davidson	1	1	3,972	7,060	3,836
18	19692	St. Thomas Campus Surgicare, LP	Davidson	6	1	6,835	19,479	6,835
19	19696	St. Thomas Outpatient Neurosurgical Center, LLC	Davidson	2	2	2,523	5,481	2,523
20	19698	LVC Outpatient Surgery Center, LLC	Davidson	2	1	1,973	5,260	5,260
21	19708	Tennessee Pain Surgery Center, LLC	Davidson	1	3	2,305	7,294	7,294
22	19716	Baptist Plaza Surgicare, L.P.	Davidson	9	1	9,427	23,104	9,427
23	19721	Premier Orthopaedic Surgery Center	Davidson	2	0	2,104	4,377	2,140
24	19722	DeLozier Surgery Center	Davidson	1	3	426	954	426
25	19723	Nashville Vision Correction, LLC	Davidson	1	0	169	282	169
26	19727	Summit Surgery Center, LP	Davidson	5	1	6,873	13,277	6,873
27	19729	American Endoscopy Center, PC	Davidson	1	1	598	858	858
28	19732	NFC Surgery Center, LLC	Davidson	1	0	387	702	702
29	19739	Premier Radiology Pain Management Center	Davidson	0	2	1,666	5,839	2,751
30	94735	Crossroads Surgery Center LLC.	Williamson	0	1	220	500	500
31	94740	Williamson Surgery Center	Williamson	4	1	3,531	4,417	3,278
32	94747	Franklin Endoscopy Center	Williamson	0	2	3,269	3,381	2,726
33	94681	Cool Springs Surgery Center	Williamson	5	1	6,790	11,114	6,790
34	94690	Vanderbilt-Ingram Cancer Center at Franklin	Williamson	0	5	525	19,888	500
35	83670	Green Surgery Center, LLC	Sumner	1	1	1,202	1,202	1,202
36	83746	Patient Partners Surgery Center	Sumner	2	2	5,109	6,811	4,198
37	95753	Lebanon Endoscopy Center	Wilson	0	2	3,051	3,302	2,662
38	95616	Lebanon Surgical Center	Wilson	1	1	164	199	164
39	95763	Tennessee Sports Medicine Surgery Center	Wilson	1	2	1,283	2,067	834
40	95655	Wilson County Eye Surgery Center	Wilson	1	1	1,978	5,428	1,978
41	75658	Middle Tennessee Ambulatory Surgery Center	Rutherford	6	1	6,244	12,607	6,244
42	75619	Physicians Pavilion Surgery Center	Rutherford	4	1	3,243	6,561	3,243
43	75602	Surgicenter of Murfreesboro Medical Clinic, PA	Rutherford	4	3	7,468	10,124	7,468
44	00193	Williams Surgery Center, Inc	Rutherford	1	1	51	51	51
		Total		90	78	140,674	266,024	150,299

Joint Annual Report of Ambulatory Surgical Treatment Centers (ASTC)  
2011

#	State ID	Facility Name	County	Operating Rooms	Procedure Rooms	Patients	Procedures	Admissions/ Discharges
1	19272	Eye Surgery Center of Middle Tennessee	Davidson	3	0	0	0	0
2	19277	Centennial Surgery Center	Davidson	6	2	7,405	13,486	7,405
3	19279	Northridge Surgery Center	Davidson	4	2	3,201	16,416	3,201
4	19280	Urology Surgery Center	Davidson	3	3	7,608	8,749	7,608
5	19301	Digestive Disease Endoscopy Center	Davidson	0	4	5,845	7,332	6,052
6	19302	Nashville Endoscopy Center	Davidson	0	3	2,594	2,887	2,594
7	19303	Southern Endoscopy Center	Davidson	0	3	2,591	2,895	2,591
8	19304	Mid-State Endoscopy Center	Davidson	0	3	2,404	3,114	2,424
9	19313	Saint Thomas Medical Group Endoscopy Center	Davidson	0	2	3,411	4,327	3,411
10	19606	Nashville Gastrointestinal Endoscopy Center	Davidson	0	2	2,698	3,298	2,802
11	19608	Nashville Surgery Center	Davidson	5	1	4,155	5,293	4,270
12	19610	Oral Facial Surgery Center	Davidson	3	4	1,986	2,947	2,947
13	19627	Wesley Ophthalmic Plastic Surgery Center	Davidson	2	0	754	858	858
14	19651	Associated Endoscopy	Davidson	0	3	5,222	5,712	5,222
15	19652	Baptist Ambulatory Surgery Center	Davidson	6	1	7,304	16,059	7,304
16	19676	The Center for Assisted Reproductive Technologies	Davidson	0	2	255	359	359
17	19688	Eye Surgery Center of Nashville	Davidson	1	1	2,524	6,319	2,524
18	19692	Saint Thomas Campus Surgicare	Davidson	6	1	7,639	25,441	7,639
19	19696	Saint Thomas Outpatient Neurosurgical Center	Davidson	2	1	2,469	5,544	5,544
20	19698	LVC Outpatient Surgery Center	Davidson	2	1	1,902	4,575	4,575
21	19708	Tennessee Pain Surgery Center	Davidson	1	3	3,316	7,848	7,848
22	19716	Baptist Plaza Surgicare	Davidson	9	1	9,171	21,635	9,171
23	19721	Premier Orthopaedic Surgery Center	Davidson	2	0	2,382	5,122	2,362
24	19722	DeLozier Surgery Center	Davidson	1	0	486	992	1,944
25	19723	Nashville Vision Correction	Davidson	1	0	132	214	141
26	19727	Summit Surgery Center	Davidson	5	1	6,505	14,112	6,505
27	19729	American Endoscopy Center	Davidson	1	1	602	820	820
28	19732	NFC Surgery Center	Davidson	1	1	389	389	389
29	19738	Gurley Surgery Center	Davidson	0	3	300	318	318
30	19739	Premier Radiology Pain Management Center	Davidson	0	2	2,000	6,701	3,282
31	94681	Cool Springs Surgery Center	Williamson	5	1	6,501	10,841	6,501
32	94690	Vanderbilt-Ingram Cancer Center at Franklin	Williamson	0	5	447	19,888	447
33	94735	Crossroads Surgery Center	Williamson	0	1	275	720	1,560
34	94740	Williamson Surgery Center	Williamson	4	1	3,410	6,443	3,410
35	94747	Franklin Endoscopy Center	Williamson	0	2	2,527	3,154	2,527
36	83670	Green Surgery Center, LLC	Sumner	1	1	1,096	1,096	1,096
37	83746	Patient Partners Surgery Center	Sumner	2	2	4,402	7,627	4,402
38	95753	Lebanon Endoscopy Center	Wilson	0	2	2,598	2,767	2,598
39	95616	Lebanon Surgical Center	Wilson	1	1	69	97	69
40	95763	Providence Surgery Center	Wilson	2	1	589	1,323	589
41	95655	Wilson County Eye Surgery Center	Wilson	1	1	1,466	1,873	1,466
42	75658	Middle Tennessee Ambulatory Surgery Center	Rutherford	6	1	6,264	12,644	6,264
43	75764	Mid-State Endoscopy Center	Rutherford	0	2	134	184	134
44	75619	Physicians Pavilion Surgery Center	Rutherford	4	1	2,976	5,781	2,976
45	75602	Surgicenter of Murfreesboro Medical Clinic	Rutherford	4	3	7,655	10,072	7,655
46	75761	Williams Surgery Center	Rutherford	1	0	134	330	134
		Total		95	76	137,793	278,602	153,938

Joint Annual Report of Ambulatory Surgical Treatment Centers (ASTC)  
2012

#	State ID	Facility Name	County	Operating Rooms	Procedure Rooms	Patients	Procedures	Admissions/ Discharges
1	19272	Eye Surgery Center of Middle Tennessee	Davidson	2	0	432	432	
2	19277	Centennial Surgery Center	Davidson	6	2	7,491	13,914	
3	19279	Northridge Surgery Center	Davidson	5	2	2,863	6,928	
4	19280	Urology Surgery Center	Davidson	3	3	6,705	7,640	
5	19301	Digestive Disease Endoscopy Center	Davidson	0	4	5,863	6,049	
6	19302	Nashville Endoscopy Center	Davidson	0	3	2,655	2,956	
7	19303	Southern Endoscopy Center	Davidson	0	3	2,762	3,447	
8	19304	Mid-State Endoscopy Center	Davidson	0	3	2,631	3,114	
9	19313	Saint Thomas Medical Group Endoscopy Center	Davidson	0	2	3,608	4,416	
10	19606	Nashville Gastrointestinal Endoscopy Center	Davidson	0	2	2,640	3,533	
11	19608	Nashville Surgery Center	Davidson	5	1	4,126	10,376	
12	19610	Oral Facial Surgery Center	Davidson	3	4	2,989	3,482	
13	19627	Wesley Ophthalmic Plastic Surgery Center	Davidson	2	0	764	888	
14	19651	Associated Endoscopy	Davidson	0	3	4,477	5,113	
15	19652	Baptist Ambulatory Surgery Center	Davidson	6	1	7,443	15,599	
16	19676	The Center for Assisted Reproductive Technologies	Davidson	0	2	235	358	
17	19688	Eye Surgery Center of Nashville	Davidson	1	1	2,631	4,906	
18	19692	Saint Thomas Campus Surgicare	Davidson	6	1	7,446	17,910	
19	19696	Saint Thomas Outpatient Neurosurgical Center	Davidson	2	1	2,530	5,465	
20	19698	LVC Outpatient Surgery Center	Davidson	2	1	2,077	3,748	
21	19708	Tennessee Pain Surgery Center	Davidson	1	3	2,847	8,960	
22	19716	Baptist Plaza Surgicare	Davidson	9	1	8,215	17,641	
23	19721	Premier Orthopaedic Surgery Center	Davidson	2	0	2,277	4,443	
24	19722	DeLozier Surgery Center	Davidson	1	0	452	981	
25	19723	Nashville Vision Correction	Davidson	1	0	166	257	
26	19727	Summit Surgery Center	Davidson	5	1	5,775	12,534	
27	19729	American Endoscopy Center	Davidson	1	1	809	809	
28	19732	NFC Surgery Center	Davidson	1	1	0	0	
29	19738	Gurley Surgery Center	Davidson	0	3	302	325	
30	19739	Premier Radiology Pain Mangement Center	Davidson	0	2	1,957	6,327	
31	94681	Cool Springs Surgery Center	Williamson	5	1	7,292	11,066	
32	94690	Vanderbilt-Ingram Cancer Center at Franklin	Williamson	0	5	437	17,427	
33	94735	Crossroads Surgery Center	Williamson	0	2	432	4,419	
34	94740	Williamson Surgery Center	Williamson					
35	94747	Franklin Endoscopy Center	Williamson	0	2	2,530	2,565	
36	83670	Green Surgery Center, LLC	Sumner	1	1	1,222	1,222	
37	83746	Patient Partners Surgery Center	Sumner	2	2	4,338	7,743	
38	95753	Lebanon Endoscopy Center	Wilson	0	2	2,454	2,609	
39	95616	Lebanon Surgical Center	Wilson	1	1	116	187	
40	95763	Providence Surgery Center	Wilson	2	1	667	1,521	
41	95655	Wilson County Eye Surgery Center	Wilson	1	1	963	1,418	
42	75658	Middle Tennessee Ambulatory Surgery Center	Rutherford	6	1	6,490	12,708	
43	75764	Mid-State Endoscopy Center	Rutherford	0	2	1,125	1,463	
44	75619	Physicians Pavilion Surgery Center	Rutherford	4	1	2,864	5,314	
45	75602	Surgicenter of Murfreesboro Medical Clinic	Rutherford	3	3	7,984	9,739	
46	75761	Williams Surgery Center	Rutherford	1	0	65	184	
		Total		90	76	134,147	252,136	

**Tab 12**



**Attachment C**  
**Need - 1**

**Medicare Rate Comparisons**

ASC vs Hospital Comparison  
Top 5 CPTs by Specialty

		National Medicare Allowable		
Specialty	CPT Description	ASC Medicare 13 Rate	OPPS Medicare 13 Rate	Medicare ASC as % of HOPD
02-OTHER	66984: Cataract surg w/iol 1 stage	\$ 955	\$ 1,696	56%
	15823: Revision of upper eyelid	\$ 834	\$ 1,480	56%
	66821: After cataract laser surgery	\$ 227	\$ 403	56%
	66982: Cataract surgery complex	\$ 955	\$ 1,696	56%
	68720: Create tear sac drain	\$ 1,051	\$ 1,866	56%
02-OTHER OPHTHALMOLOGY Total				
04-ENT/OT	69436: Create eardrum opening	\$ 634	\$ 1,124	56%
	30520: Repair of nasal septum	\$ 994	\$ 1,764	56%
	31255: Removal of ethmoid sinus	\$ 1,119	\$ 1,986	56%
	42820: Remove tonsils and adenoids	\$ 994	\$ 1,764	56%
	42826: Removal of tonsils	\$ 994	\$ 1,764	56%
04-ENT/OTOLARYNGOLOGY Total				
05-GENE	49505: Prp i/hern init reduc >5 yr	\$ 1,341	\$ 2,381	56%
	47562: Laparoscopic cholecystectomy	\$ 1,925	\$ 3,417	56%
	36561: Insert tunneled cv cath	\$ 1,230	\$ 2,183	56%
	45378: Diagnostic colonoscopy	\$ 382	\$ 677	56%
	47563: Laparo cholecystectomy/graph	\$ 1,925	\$ 3,417	56%
05-GENERAL SURGERY Total				
06-GYNEC	58558: Hysteroscopy biopsy	\$ 929	\$ 1,648	56%
	58671: Laparoscopy tubal block	\$ 1,925	\$ 3,417	56%
	59820: Care of miscarriage	\$ 803	\$ 1,425	56%
	58662: Laparoscopy excise lesions	\$ 1,925	\$ 3,417	56%
	57522: Conization of cervix	\$ 803	\$ 1,425	56%
06-GYNECOLOGY Total				
07-ORTHO	29826: Shoulder arthroscopy/surgery	\$ 1,166	\$ 2,069	56%
	29881: Knee arthroscopy/surgery	\$ 1,166	\$ 2,069	56%
	64721: Carpal tunnel surgery	\$ 742	\$ 1,318	56%
	29880: Knee arthroscopy/surgery	\$ 1,166	\$ 2,069	56%
	29827: Arthroscop rotator cuff repr	\$ 2,142	\$ 3,803	56%
07-ORTHOPEDIC Total				
08-PAIN M	62311: Inject spine l/s (cd)	\$ 312	\$ 554	56%
	64483: Inj foramen epidural l/s	\$ 312	\$ 554	56%
	64493: Inj paravert f jnt l/s 1 lev	\$ 312	\$ 554	56%
	62310: Inject spine c/t	\$ 312	\$ 554	56%
08-PAIN MANAGEMENT Total				
09-PLASTI	19325: Enlarge breast with implant	\$ 3,508	\$ 4,471	78%
	19318: Reduction of large breast	\$ 1,787	\$ 3,171	56%
	19316: Suspension of breast	\$ 1,358	\$ 2,410	56%
	19380: Revise breast reconstruction	\$ 1,787	\$ 3,171	56%
	19371: Removal of breast capsule	\$ 1,358	\$ 2,410	56%
09-PLASTIC Total				
10-PODIAT	28285: Repair of hammertoe	\$ 875	\$ 1,552	56%
	28296: Correction of bunion	\$ 1,356	\$ 2,406	56%
	28080: Removal of foot lesion	\$ 875	\$ 1,552	56%
	28119: Removal of heel spur	\$ 875	\$ 1,552	56%
	28299: Correction of bunion	\$ 1,356	\$ 2,406	56%
10-PODIATRY Total				
11-UROLO	57288: Repair bladder defect	\$ 1,880	\$ 3,337	56%
	54161: Circum 28 days or older	\$ 937	\$ 1,663	56%
	52260: Cystoscopy and treatment	\$ 625	\$ 1,109	56%
	55040: Removal of hydrocele	\$ 1,341	\$ 2,381	56%
	53020: Incision of urethra	\$ 850	\$ 1,509	56%
11-UROLOGY Total				

ASC vs Hospital Comparison  
Top 5 CPTs by Specialty

		National Medicare Allowable		
Specialty	CPT Description	ASC Medicare 13 Rate	OPPS Medicare 13 Rate	Medicare ASC as % of HOPD
	43239: Upper gi endoscopy biopsy	\$ 344	\$ 611	56%
	45378: Diagnostic colonoscopy	\$ 382	\$ 677	56%
	45380: Colonoscopy and biopsy	\$ 382	\$ 677	56%
	45385: Lesion removal colonoscopy	\$ 382	\$ 677	56%
	G0121: Colon ca scrn not hi risk ind	\$ 338	\$ 600	56%
<b>12-GASTROENTEROLOGY Total</b>				
<b>13-SPINE</b>	63030: Low back disk surgery	\$ -	\$ 3,683	0%
	22554: Neck spine fusion	\$ -	\$ 3,683	0%
	63075: Neck spine disk surgery	\$ -	\$ 3,683	0%
	64721: Carpal tunnel surgery	\$ 742	\$ 1,318	56%
	22551: Neck spine fuse&remove addl	\$ -	\$ 3,683	0%
<b>13-SPINE Total</b>				

**Tab 13**

**Attachment C  
Need - 1**

**Construction Costs and Verification Letter**

## 3 D / I P M

INTEGRATED PROGRAM MANAGEMENT  
HEALTHCARE & COMMERCIAL CAPITAL PROJECTS

5 July 2013

United Surgical Partners International  
8 Cadillac Dr.  
Brentwood, TN 37027

RE: Baptist Plaza Surgical Center  
9 Class C & 1 Class B OR ASC  
Nashville, TN

To Whom It May Concern:

This correspondence is being issued as a testament that the submitted estimate of cost for the proposed tenant interior construction of the above referenced relocated construction of a 25,141 usable SF center. The estimate of \$4,396,580 is based on comparative estimates of similar construction and adjusted local trades.

I attest that the design and construction information submitted is consistent with the design and cost of similar facilities in the region. The physical environment will conform to the applicable federal, state, and local construction codes, standards, manufacturers' specifications and licensing agencies requirements, including the current 2010 AIA Guidelines for Design and Construction of Hospital and Health Care Facilities.

If there is any question or further qualifications required for the project, please contact me as deemed necessary.

Respectfully

3 D / I P M



Corkey Wolczyk  
Owner

**Tab 15**

**Attachment C**  
**Economic Feasibility - 2**

**Verification of Funding**



**Baptist Plaza Surgicare  
Financing Analysis**

Financing Requirements

Total Project Cost, for CON, Line F	\$29,836,377
Less Sum of Lease Pmts, Line B1	<u>21,288,796</u>
Net "Cash" Cost	<u>8,547,581</u>

Financing Sources

Landlord Tenant Improvement Allowance	1,425,000	\$50	28,500 RSF
Landlord Excess Financing	<u>3,135,000</u>	\$110	28,500 RSF
Landlord's portion of project costs for base building shell & improvements	4,560,000	per terms of lease LOI	
Bank Financing	2,244,501		
BPS On-Going Operations	<u>1,743,080</u>		
Total "Cash" Financing	<u>8,547,581</u>		



July 12, 2013

Mr. Corey Ridgway  
Market President  
United Surgical Partners, International  
8 Cadillac Dr, Suite 200  
Brentwood, TN 37027

Dear Mr. Ridgway:

We understand that Baptist Plaza Surgicare has applied for a CON, which requires a letter from a qualified financial institution to support various borrowing needs. Baptist Plaza's request is for a 7-year term loan of \$2.3 million to finance tenant improvements, equipment and furnishings. Based on similar credit facilities, the term loan will be priced at the London Interbank Offer Rate ("LIBOR"), plus 4.50%.

We have a long standing relationship with the managing partner of Baptist Plaza, United Surgical Partners International, Inc. ("USPI"). Given the manner in which USPI has managed this and several other surgery centers where we serve as their financing and banking partner, we would certainly look favorably on this financing request subject to further due diligence and approval of their pending CON application.

Should you have any further questions, please feel free to contact me directly at (615) 734-6381.

Sincerely,

A handwritten signature in dark ink, appearing to read 'CH Hannon', written over a horizontal line.

Charles K. Hannon, Jr.  
Executive Vice President

000216

First Tennessee Bank  
Healthcare Group  
511 Union St, Suite 300  
Nashville, TN 37219



BAPTIST PLAZA SURGICARE

2011 Church Street  
Plaza 1, Lower Level  
Nashville, TN 37203  
Phone (615) 515-4000  
Fax (615) 515-4053

July 15, 2013

Ms. Melanie Hill, Executive Director  
Tennessee Health Services and Development Agency  
Frost Building, 3rd Floor  
161 Rosa L. Parks Boulevard  
Nashville, TN 37243

RE: Baptist Plaza Surgicare CON Application

Dear Ms. Hill:

Baptist Plaza Surgicare will commit up to \$1.75 million in existing funds from on-going operations to help finance the proposed facility replacement and relocation project.

Sincerely,

M. Corey Ridgway  
Market President

120

**Tab 16**

000218

**Attachment C**  
**Economic Feasibility - 10**

**Balance Sheet and Income Statement**

**Baptist Plaza Surgicare, L.P. - Baptist Plaza Surgicare**  
**Balance Sheet**  
**December 2012**

	<i>Dec-12</i>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$1,477,090
Short-term investments	0
Accounts receivable	2,870,493
Allowance for contractals	(195,926)
Allowance for bad debts	(242,643)
Net accounts receivable	2,431,923
Other receivables	57,257
Short-term notes receivable	0
Inventories	253,320
Prepaid expenses and other current assets	48,870
Total current assets	4,268,460
<b>Property, plant and equipment</b>	
Land	0
Buildings and improvements	2,808,987
Equipment	6,388,647
Furniture & fixtures	207,348
Asset clearing	16,747
Projects in progress	0
Accumulated depreciation	(5,910,673)
Total property, plant and equipment	3,511,056
<b>Other noncurrent assets</b>	
Investment in subsidiaries	0
Intangible assets	4,465,737
Long-term notes receivable	0
Other assets	0
Total other noncurrent assets	4,465,737
<b>Total assets</b>	<b>\$12,245,252</b>
<b>LIABILITIES AND CAPITAL</b>	
<b>Current liabilities</b>	
Accounts payable	\$506,368
Due to/from affiliates	520,237
Accrued salaries and benefits	371,205
Short-term debt	0
Current portion of long-term debt	852,600
Other current liabilities	294,723
Total current liabilities	2,545,133
<b>Noncurrent liabilities</b>	
Long-term debt	891,667
Deferred gain/revenue	282,501
Deferred tax liabilities	0
Other noncurrent liabilities	0
Total noncurrent liabilities	1,174,167
<b>Partners'/members' capital</b>	8,525,952
<b>Total liabilities and capital</b>	<b>\$12,245,252</b>

**Baptist Plaza Surgicare, L.P. - Baptist Plaza Surgicare  
Income Statement 2012**

	<b>2012</b>
<b>ASC cases</b>	<b>8,251</b>
Cases per day	32.48
<b>REVENUE</b>	
Gross patient revenue	\$74,812,430
Miscellaneous revenue	380
Total gross revenue	74,812,809
Provision for contractals	55,276,595
Other revenue deductions	2,943
Total revenue deductions	55,279,538
Net revenue	19,533,271
<b>EXPENSES</b>	
Personnel costs	4,609,118
Drugs and medical	6,287,107
Repair and maintenance	386,778
Purchased services	320,443
Net anesthesia	0
Minor equipment and instruments	39,979
Utilities	25,087
Non-medical supplies and expenses	219,934
Professional fees	24,543
Sales expense	26,221
Insurance	93,912
Provision for bad debts	253,490
Lease and rent expense	644,698
Non-income taxes	90,062
Management fee expense	1,349,585
Total operating expenses	14,370,956
<b>EBITDA</b>	<b>5,162,316</b>
<b>EBITDA %</b>	<b>26.4%</b>
Depreciation expense	702,552
Amortization expense	0
Interest expense (income)	104,720
Other expense (income)	(15,055)
Total non-operating expenses	792,217
<b>Pretax income (loss)</b>	<b>4,370,099</b>
Income taxes	245,832
<b>Net income (loss)</b>	<b>\$4,124,267</b>
<b>Ratio analysis:</b>	
Gross patient revenue / case	\$9,067
Net revenue / case	\$2,367
Salaries and benefits / case	\$559
D&M / case	\$762
Other operating expense / case	\$258
Total operating expense / case	\$1,742
EBITDA / case	\$626
Bad debt % of net revenue	1.3%

**Tab 17**



**Attachment C**  
**Contribution to the Orderly Development of Health Care - 7.(b)**

**Accreditation**



# Accreditation Quality Report



The Joint Commission



Welcome to the Joint Commission's Quality Report. We know how important reliable information is to you and your family when making health care decisions. This Quality Report will help you make the right decisions to meet your needs. Since 1951, Joint Commission has been the national leader in setting standards for health care organizations. When a health care organization seeks accreditation, it demonstrates commitment to giving safe, high quality health care and to continually working to improve that care.

The Quality Report is only one way to determine whether a health care organization can meet your needs. Discuss this report with your doctor or with other professional acquaintances before making a care decision. In addition to the accreditation status of the organization, the Quality Report uses checks, pluses, and minuses in the key area of National Patient Safety Goals - safety guidelines that target the prevention of medical errors such as surgery on the wrong side of the body and safe medication use.




Not all measures are relevant to or available for all types of health care organizations. The Joint Commission will add relevant measures of health care quality as more measures become available. Your comments are just as important to us. The content and format of the Quality Report will be updated from time to time based on changes in the health care industry and your suggestions. Please call Customer Service at 630-792-5800 or e-mail the Joint Commission at [qualityreport@jointcommission.org](mailto:qualityreport@jointcommission.org) with your comments and suggestions.

Mark R. Chassin, MD, MPP, MPH  
President of the Joint Commission



## Summary of Quality Information

### Symbol Key

-  The organization has met the National Patient Safety Goal.
-  The organization has not met the National Patient Safety Goal.
-  The Goal is not applicable for this organization.

For further information and explanation of the Quality Report contents, refer to the "Quality Report User Guide."

Accreditation Programs	Accreditation Decision	Effective Date	Last Full Survey Date	Last On-Site Survey Date
 Ambulatory Care	Accredited	6/10/2010	6/5/2013	6/5/2013

Ambulatory Care

2011 National Patient Safety Goals

Compared to other Joint Commission Accredited Organizations

Nationwide

Statewide





## Locations of Care

### \* Primary Location

Locations of Care	Available Services
<b>Baptist Plaza Surgicare, L.P. *</b> 2011 Church Street, Plaza I, Lower Level Nashville, TN 37203	<b>Other Clinics/Practices located at this site:</b> <ul style="list-style-type: none"> <li>• Baptist Plaza Surgicare, LP DBA Nashville Endoscopy Center</li> </ul> <b>Services:</b> <ul style="list-style-type: none"> <li>• Endoscopy (Outpatient)</li> <li>• ENT Procedures (Outpatient)</li> <li>• Gastroenterology Procedures (Outpatient)</li> <li>• General Surgery (Outpatient)</li> <li>• Occupational Health (Outpatient)</li> <li>• Ophthalmology/Eye Surgery (Outpatient)</li> <li>• Oral Maxillofacial Surgery (Outpatient)</li> <li>• Orthopedic Surgery (Outpatient)</li> <li>• Pain Management - Trigger Point Injections (Outpatient)</li> <li>• Plastic Surgery (Outpatient)</li> <li>• Podiatric Surgery / Foot Surgery (Outpatient)</li> </ul>
<b>Baptist Plaza Surgicare, LP</b> 300 20th Avenue North Nashville, TN 37203	<b>Other Clinics/Practices located at this site:</b> <ul style="list-style-type: none"> <li>• Baptist Plaza Surgicare, LP DBA Nashville Endoscopy Center</li> </ul> <b>Services:</b> <ul style="list-style-type: none"> <li>• Endoscopy (Outpatient)</li> </ul>



## 2011 National Patient Safety Goals

### Symbol Key

- The organization has met the National Patient Safety Goal.
- The organization has not met the National Patient Safety Goal.
- The Goal is not applicable for this organization.

For further information and explanation of the Quality Report contents, refer to the "Quality Report User Guide."

### Ambulatory Care

Safety Goals	Organizations Should	Implemented
Improve the accuracy of patient identification.	Use of Two Patient Identifiers	
	Eliminating Transfusion Errors	
Improve the safety of using medications.	Labeling Medications	
	Reducing Harm from Anticoagulation Therapy	
Reduce the risk of health care-associated infections	Meeting Hand Hygiene Guidelines	
	Preventing Surgical Site Infections	
Accurately and completely reconcile medications across the continuum of care.	Comparing Current and Newly Ordered Medications	
	Communicating Medications to the Next Provider	
	Providing a Reconciled Medication List to the Patient	
	Settings in Which Medications are Minimally Used	
Universal Protocol	Conducting a Pre-Procedure Verification Process	
	Marking the Procedure Site	
	Performing a Time-Out	

**Attachment D**

**Copy of Published Public Notice  
Letter of Intent**

**Tab 19**



**Attachment D**

**Copy of Published Public Notice**

**careerbuilder®**  
place to come home to.  
place to come home to.

**0101665927**  
**NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED**  
This is to provide official notice to the Health Services and Development Agency and all interested parties in accordance with T.C.A. § 68-11-1601, et seq., and the Rules of the Health Services and Development Agency, that MUA or Mid-Tennessee, LLC ("Applicant"), 28 White Bridge Road, #210, Nashville, Davidson County, TN 37205, owned and managed by itself, intends to file an application for a Certificate of Need for the addition of interventional pain management services at its ASTC. The Applicant currently provides manipulation under anesthesia ("MUA") services. This new service will be provided in the same one procedure room which is currently licensed. There are no beds and no major medical equipment involved with this project. No other health services will be initiated or discontinued. It is proposed that Medi-care, TennCare, commercially insured, and private-pay patients will be served by the ASTC, which will be licensed by the Tennessee Department of Health. The estimated project cost is anticipated to be approximately \$200,000.00. The anticipated date of filing the application is: July 15, 2013. The contact person for this project is E. Graham Baker, Jr., Attorney, who may be reached at 2021 Richard Jones Road, Suite 350, Nashville, Tennessee, 37215, 615/370-3380. Upon written request by interested parties, a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to: Health Services and Development Agency, 161 Bush L. Parks Blvd., 3rd Floor, Nashville, Tennessee 37243. The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**0101665927**  
**NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED**  
This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601, et seq., and the Rules of the Health Services and Development Agency, that Baptist Surgical Center (ASTC), owned by: Baptist Plaza Surgical, LP, with an ownership of limited partnership and to be managed by: United Surgical Partners International, Inc. intends to file an application for a Certificate of Need for the relocation of the existing ASTC with nine (9) outpatient surgery operating rooms, and one (1) surgical procedure suite. Construction of approximately 28,500 rentable square feet of space in a new medical office building will be required. The existing facility is located at 2011 Church Street, Medical Plaza I Lower Level, Nashville, TN 37203 (Davidson County). The proposed facility will be located at the northeast corner of the intersection of Church Street and 20th Avenue North, Nashville, TN, 37203 (Davidson County). The total cost of the project is estimated to be \$29,836,377 (based upon sum of lease payments for initial 20 year term). The anticipated date of filing the application is: July 15, 2013. The contact person for this project is Corey Ridgway, Market President, who may be reached at United Surgical Partners International, Inc., 8 Cadillac Drive, Suite 200, Brentwood, TN, 37027, 615-376-7300. Upon written request by interested parties, a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to: Health Services and Development Agency, 161 Bush L. Parks Blvd., 3rd Floor, Nashville, Tennessee 37243. The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**0101665927**  
**NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED**  
This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601, et seq., and the Rules of the Health Services and Development Agency, that Seton Corporation d/b/a Baptist Hospital, an existing acute care hospital owned by Seton Corporation with an ownership type of not-for-profit and to be managed by Seton Corporation d/b/a Baptist Hospital, intends to file an application for a Certificate of Need for the replacement and relocation of four operating rooms at Baptist Hospital, located at 2000 Church Street, Nashville, Tennessee. The total number of licensed beds at Baptist Hospital will not change as a result of this project. Renovations will be made to 17,842 square feet of space and there will be no new construction. The total project costs are estimated to be \$11,499,496. The anticipated date of filing the application is: July 15, 2013. The contact person for this project is Barbara Houchin, Executive Director, Planning, who may be reached at Saint Thomas Health, 102 Woodmont Blvd., Suite 800, Nashville, Tennessee, 37205, 615-284-6849. Upon written request by interested parties, a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to: Health Services and Development Agency, 161 Bush L. Parks Blvd., 3rd Floor, Nashville, Tennessee 37243. The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**0101665927**  
**NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED**  
This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601, et seq., and the Rules of the Health Services and Development Agency, that Seton Corporation d/b/a Baptist Hospital, an existing acute care hospital owned by Seton Corporation with an ownership type of not-for-profit and to be managed by Seton Corporation d/b/a Baptist Hospital, intends to file an application for a Certificate of Need for the replacement and relocation of four operating rooms at Baptist Hospital, located at 2000 Church Street, Nashville, Tennessee. The total number of licensed beds at Baptist Hospital will not change as a result of this project. Renovations will be made to 17,842 square feet of space and there will be no new construction. The total project costs are estimated to be \$11,499,496. The anticipated date of filing the application is: July 15, 2013. The contact person for this project is Barbara Houchin, Executive Director, Planning, who may be reached at Saint Thomas Health, 102 Woodmont Blvd., Suite 800, Nashville, Tennessee, 37205, 615-284-6849. Upon written request by interested parties, a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to: Health Services and Development Agency, 161 Bush L. Parks Blvd., 3rd Floor, Nashville, Tennessee 37243. The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**0101665927**  
**NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED**  
This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601, et seq., and the Rules of the Health Services and Development Agency, that Seton Corporation d/b/a Baptist Hospital, an existing acute care hospital owned by Seton Corporation with an ownership type of not-for-profit and to be managed by Seton Corporation d/b/a Baptist Hospital, intends to file an application for a Certificate of Need for the replacement and relocation of four operating rooms at Baptist Hospital, located at 2000 Church Street, Nashville, Tennessee. The total number of licensed beds at Baptist Hospital will not change as a result of this project. Renovations will be made to 17,842 square feet of space and there will be no new construction. The total project costs are estimated to be \$11,499,496. The anticipated date of filing the application is: July 15, 2013. The contact person for this project is Barbara Houchin, Executive Director, Planning, who may be reached at Saint Thomas Health, 102 Woodmont Blvd., Suite 800, Nashville, Tennessee, 37205, 615-284-6849. Upon written request by interested parties, a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to: Health Services and Development Agency, 161 Bush L. Parks Blvd., 3rd Floor, Nashville, Tennessee 37243. The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**0101665927**  
**NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED**  
This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601, et seq., and the Rules of the Health Services and Development Agency, that Seton Corporation d/b/a Baptist Hospital, an existing acute care hospital owned by Seton Corporation with an ownership type of not-for-profit and to be managed by Seton Corporation d/b/a Baptist Hospital, intends to file an application for a Certificate of Need for the replacement and relocation of four operating rooms at Baptist Hospital, located at 2000 Church Street, Nashville, Tennessee. The total number of licensed beds at Baptist Hospital will not change as a result of this project. Renovations will be made to 17,842 square feet of space and there will be no new construction. The total project costs are estimated to be \$11,499,496. The anticipated date of filing the application is: July 15, 2013. The contact person for this project is Barbara Houchin, Executive Director, Planning, who may be reached at Saint Thomas Health, 102 Woodmont Blvd., Suite 800, Nashville, Tennessee, 37205, 615-284-6849. Upon written request by interested parties, a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to: Health Services and Development Agency, 161 Bush L. Parks Blvd., 3rd Floor, Nashville, Tennessee 37243. The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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**THE TENNESSEAN**

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When you want a change, find a new job in The Tennessee Classifieds. Maybe you want a nice nine-to-five job with every-

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**Copy**  
**Supplemental #1**

**Baptist Plaza Surgicare**

**CN1307-029**



2013 JUL 29 AM 11 16

July 29, 2013

Via Hand Delivery

Philip M. Earhart  
Health Services Development Examiner  
Health Services and Development Agency  
Frost Building, 3rd Floor  
161 Rosa L. Parks Boulevard  
Nashville, TN 37243

RE: Certificate of Need Application CN1307-029  
Baptist Plaza Surgicare – Relocation of an existing ASTC

Dear Mr. Earhart:

Thank you for your letter of July 23, 2013 requesting clarification of certain items contained in our Certificate of Need application for the relocation of an existing ASTC. This information is provided in triplicate, including a signed affidavit.

**1. Section B, Project Description, Item I.**

The applicant states an inefficient linear ("bowling alley") design will be replaced with a more efficient and more rectangular design. Please describe each type of design and how the more rectangular design is more efficient.

Response: The applicant, Baptist Plaza, has a 10 year-old facility in a 28 year-old building with operating rooms arranged along a single, straight corridor (i.e., the "bowling alley"). As indicated in the original CON application at Tab 9 (Bates pages 000192-000193), the proposed facility has operating rooms arranged in an "L" shaped pattern. Six ORs are located along one leg of the L and the other four ORs are along the other leg. The nursing stations, pre-op and post-op are located between the two legs of the L. This produces a more square-shaped, rectangular design for the direct patient care areas.

This new design will minimize travel distances for physicians and staff, both between the ORs themselves and between the ORs and the support spaces (i.e., nursing station, pre-op and post-op). Reduced travel distances result in reduced travel times for both routine and urgent/emergent situations. Physicians and staff thus can move about the facility more efficiently than in the current linear, bowling alley configuration. In addition, larger ORs with more ceiling-mounted equipment (on booms or rails) will require less transport of equipment between ORs and equipment storage areas.

The applicant was granted a Certificate of Need (CN0211-108A) at the February 26, 2003 Agency meeting for the establishment of a seven (7) operating room multi-specialty ambulatory surgical treatment center (ASTC). The applicant is now requesting to relocate nine (9) operating rooms. Please clarify.

Response: The applicant did indeed implement the project as approved in 2003 with seven operating rooms in a multi-specialty ASTC. Prior to 2005, an eighth operating room was added.<sup>1</sup> In 2005, a ninth operating room was added in response to growth in otolaryngology cases at Baptist Plaza. In 2008, a procedure room was added in response to growth in pain management cases at Baptist Plaza.

These operating/procedure room additions were reported to HSDA on the Joint Annual Reports (JARs) for ASTCs. Prior CON review and approval was not required for these operating/procedure room additions as they neither exceeded the capital expenditure thresholds nor constituted an increase in licensed "bed" capacity. Furthermore, the 2000 edition of Guidelines for Growth, which provided CON criteria and standards for ASTCs during Baptist Plaza's period of expansion, applied only to proposals to "establish a new ambulatory surgical treatment center or to expand the existing services of an ambulatory surgical treatment center." Baptist Plaza was an existing ASTC at the time of the operating/procedure room additions. Baptist Plaza was a multi-specialty ASTC at the time of the operating/procedure room additions.

Baptist Hospital has filed a CON application to relocate 4 orthopedic operating rooms and have indicated some of the rooms will contain approximately 600 sq. ft. Will ORs in the applicant's proposed project be able to serve similar orthopedic patients with ORs no larger than 480 sq. ft.?

Response: To clarify, Baptist Plaza is and will remain a multi-specialty ASTC. Baptist Hospital's proposal is for higher acuity orthopedic cases – major joint replacements and fractures. These types of procedures currently are not performed at Baptist Plaza. Thus, both projects are not duplicative. Baptist Plaza's 480 sq. ft. ORs are appropriate for its patient case mix.

## **2. Section B, Project Description, Item II.D.**

The applicant states the existing space is approximately 10 years old and was used previously as a hospital outpatient department. Please clarify the age of the current facility.

Response: The building was constructed in 1985 and is more than 28 years old.

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<sup>1</sup> Supporting files from the 2004-2006 period could not be located over the past four business days.

2013 JUL 29 AM 11 16

**3. Section C. Need Item 1. (Specific Criteria – Construction, Renovation) Item 2. A.**

Please clarify the statement "Baptist Plaza cannot escape from the lower level (basement) and loading dock areas without a complete rebuild of the entire facility". Please clarify if this statement pertains to life and safety issues. If not, please clarify.

Response: Yes, this statement pertains to life and safety issues. Power outages necessitate activation of the emergency generator. Generator exhaust feeds into the intake manifold of the ASTC's chiller/HVAC system. The generator fumes then spread throughout the ASTC.

The applicant states a number of deficiencies with the existing site have been described. Please indicate if the Tennessee Department of Health, Division of Health Care Facilities also identified those same issues in the physical plant and life safety issues.

Response: Yes, the Tennessee Department of Health, Division of Health Care Facilities also identified those same issues in the physical plant and life safety issues. In 2009 in particular, a State investigation concluded that these issues were beyond the control of the ASTC. They have not been resolved and remain an on-going concern.

Mechanical and electrical system designs at the proposed new site will pay particular attention to these matters.

On pages 19 and 21 the applicant has provided tables that include 2012 "provisional" Joint Annual Report data. Please update those tables to include 2009 JAR data and provide a replacement page.

Response: Replacement pages are provided in **Attachment A**. Though the annual rates of change in the analyses had to be revised to reflect 2009 data, the new findings do not materially affect the need for Baptist Plaza's proposed facility relocation and OR reconfiguration project.<sup>2</sup> In 2012, Baptist Plaza served more patients than any other ASTC in the service area.

**4. Section C. Need Item 4. (Service Area Demographics)**

Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for your proposed service area.

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<sup>2</sup> While inserting 2009 ASTC JAR data for "Baptist Plaza," it was discovered that 2010 data was originally submitted for "Baptist" ASC. These corrections are included as well. All other years correctly report "Baptist Plaza" data.

Response: This table is provided in **Attachment B**. The new data do not materially affect the need for Baptist Plaza's proposed facility relocation and OR reconfiguration project.

**5. Section C., Need Item 5**

The table on page 30 indicates a (2.3%) decrease in patient service area utilization from 140,674 patients in 2010 to 134,147 patients in 2012. Please indicate if factors such as a downward trend in elective surgical procedures have impacted the ASTC patient utilization for those years.

Response: A replacement page including 2009 data is provided in **Attachment A**. The annual rate of change with the 2009 data indicates a (3.5%) decrease in patient service area utilization from 149,294 patients in 2009 to 134,147 patients in 2012. Yes, the Great Recession does appear to have resulted in a downward trend in elective surgical procedures from 2009/2010 to 2012. During this same period, the operating room utilization at Baptist Plaza decreased at an annual rate of (3.7%).<sup>3</sup> The new findings do not materially affect the need for Baptist Plaza's proposed facility relocation and OR reconfiguration project. In 2012, Baptist Plaza served more patients than any other ASTC in the service area.

There is a partial sentence which states "Regardless, ASTC trend data.....". Please clarify.

Response: Please disregard this typographical error. It is a sentence fragment. In addition, the text has been revised to include 2009 data. See below.

The table on page 29 is noted. The applicant included 2012 provisional JAR data in the chart. Please update the table to also include 2009 JAR data and provide a replacement page.

Response: A replacement page is provided in **Attachment A**. Though the annual rates of change in the analyses had to be revised to reflect 2009 data, the new findings do not materially affect the need for Baptist Plaza's proposed facility relocation and OR reconfiguration project. In 2012, Baptist Plaza served more patients than any other ASTC in the service area.

**6. Section C., Need Item 6**

The table of the Baptist Plaza Specialty Mix is noted. The applicant notes 4.8% or 404 patients receive pain management services. Please clarify if a majority of pain management procedures are conducted in an operating room or procedure room.

---

<sup>3</sup> Baptist Plaza procedure room utilization decreased (32.6%) due to the loss of pain management physicians. At the peak, in 2009, procedure room patients accounted for only 11.2% of total facility patients. A procedure room is a necessary and typical component of an ASTC the size of Baptist Plaza.



Response: The majority of pain management procedures are conducted in a procedure room.

The table on pages 30-32 is noted. The applicant included 2012 provisional JAR data in the chart. Please update the table to also include 2009 JAR data and provide a replacement page.

Response: Replacement pages are provided in **Attachment A**. Though the annual rates of change in the analyses had to be revised to reflect 2009 data, the new findings do not materially affect the need for Baptist Plaza's proposed facility relocation and OR reconfiguration project. In 2012, Baptist Plaza served more patients than any other ASTC in the service area.

#### **7. Section C, Economic Feasibility, Item 1**

The Project Costs Chart lists \$2,776,126 in Moveable Equipment. The applicant states there are no major equipment purchases associated with this project. Please clarify.

Response: One c-arm unit will be purchased for \$140,000 and is assigned to the "moveable equipment" line of the Project Costs Chart. No other *single item* of moveable equipment will cost more than \$50,000. The balance of the moveable equipment costs pertain to multiple pieces of operating room equipment such as instruments, GI scopes, microscopes, video towers, etc.

Please clarify is the single c-arm unit that will be purchased for \$140,000 is assigned to the "fixed equipment" line of the Project Costs Chart.

Response: The single c-arm unit that will be purchased for \$140,000 is assigned to the "moveable equipment" line of the Project Costs Chart.

#### **8. Section C, Economic Feasibility, Item 4**

Please clarify the reason there is no charity care in the Historical and Projected Data Charts.

Response: The internal data reporting systems relied upon for the Historical and Projected Data Charts do not break out charity care from contractual adjustments, provisions for bad debt or other types of gross revenue deductions. For consistency purposes, the same formats were applied to the "deductions from gross operating revenue" as found in the CON application's Historical and Projected Data Charts.



However, as stated on page 44 of the CON application, "Historically, Baptist Plaza has provided care to charity/medically indigent patients at a rate of approximately 0.5% of net revenue."

Also, in the ASTC JARs, Baptist Plaza reported charity care of \$86,510 in 2011, \$98,219 in 2010 and \$91,405 in 2009.

**9. Section C, Economic Feasibility, Item 9**

The applicant states Baptist Plaza currently participates in two of the three TennCare MCOs operating in Middle Tennessee. Please clarify which MCO the applicant is referring.

Response: As stated on page 5 of the CON application, Baptist Plaza participates in the Americhoice and Amerigroup TennCare MCOs. Americhoice is now called UnitedHealthcare Community Plan.

**10. Section C, Economic Feasibility, Item 10**

The applicant's balance sheet and income statement is noted. Please clarify if these financial documents are audited. If not, please provide the most recent audited financial statements with accompanying notes, if applicable.

Response: The financial documents provided are not audited. No audited financial statements or compilations have been completed.

**11. Section C., Contribution to Orderly Development, Item 1**

Your response is noted that Baptist Plaza maintains a transfer agreement with Baptist Hospital in Nashville. For clarification, please list all existing health care providers the applicant has or plans to have contractual transfer agreements with.

Response: Baptist Hospital in Nashville (recently renamed Saint Thomas Midtown Hospital) and Centennial Medical Center.

**12. Section C., Contribution to Orderly Development, Item 3**

The applicant's hourly Registered Nurse rate of \$30.00 per hour is below the average Tennessee Workforce and Development agency mean rate of \$31.00 per hour. Please discuss the availability of Registered Nurses that will work below the mean rate per hour for the proposed project. In your response please discuss the applicant's turnover rates for RNs.

Response: This \$1.00 difference is not considered significant. More recent data, available since the preparation of the Projected Data Charts, indicate that the average RN rate at Baptist Plaza is slightly above the mean rate.

RNs have been available to work at Baptist Plaza at these prevailing wage rates. In addition, Baptist Plaza offers competitive benefits. Upon project approval, relocation to a new facility approximately one-half block away actually could be a recruiting tool.

As reported in Baptist Plaza's most recent ASTC JAR, there were 11 "eliminated" RN positions out of 49 employed/budgeted. This is virtually identical to the 10 and 48 reported for 2011, respectively.

**13. Section C., Contribution to Orderly Development, Items 7 a. and 7 b.**

The applicant states the current license issued by the State of Tennessee, Department of Health, Board of Licensing Health Care Facilities expires May 25, 2014. Please provide a copy of the latest survey.

Response: A copy of the latest survey is provided in **Attachment C**.

The applicant state Baptist Plaza is accredited by The Joint Commission and was last surveyed on June 5, 2013. Please clarify if The Joint Commission surveys the physical plant and life safety standards.

Response: Yes, The Joint Commission surveys the physical plant and life safety standards.

A signed affidavit is provided in **Attachment D**.

On behalf of Baptist Plaza Surgicare, thank you for your assistance with this project.

Sincerely,



M. Corey Ridgway  
Market President

Attachments

July 29, 2013

11:14 am

2013 JUL 29 AM



State of Tennessee  
DEPARTMENT OF HEALTH  
DIVISION OF HEALTH CARE FACILITIES  
WEST TENNESSEE REGIONAL OFFICE  
2975 Highway 45 Bypass, Suite C  
Jackson, Tennessee 38305-2873  
Phone: (731) 984-9684  
Fax: (731) 512-0063

RECEIVED  
JUN 15 2012

June 13, 2012

Michelle R. Dickison  
Baptist Plaza Surgicare, L.P.  
2011 Church Street, LL  
Nashville, TN 37203

**RE: Recertification Survey/Follow-Up  
CCN 44C0001133**

Dear Ms. Dickison:

The West Tennessee Regional Office of Health Care Facilities with the Tennessee Department of Health completed a recertification survey in your facility on **April 25, 2012** to verify that your facility had achieved and maintained compliance with state and federal regulations. Based on a review of your plan of correction, we are accepting your plan of correction and are assuming your facility is in compliance with all participation requirements. This office is recommending recertification in the Medicare and/or Medicaid program.

Thank you for your cooperation shown during the survey. If we may be of further assistance to you, please do not hesitate to call.

Sincerely,

P. Diane Carter, RN, LNCC  
Public Health Nurse Consultant 2

PDC/ab

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

144

SUPPLEMENTAL - # 1

PRINTED: 05/02/2012  
FORM 2567-013  
OMB NO. 0938-0391  
11:14 am

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44C0001133	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  04/25/2012
NAME OF PROVIDER OR SUPPLIER  BAPTIST PLAZA SURGICARE, LP			STREET ADDRESS, CITY, STATE, ZIP CODE 2011 CHURCH STREET, LL NASHVILLE, TN 37203		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 061	<p>416.42(a)(1) ANESTHETIC RISK AND EVALUATION</p> <p>A physician must examine the patient immediately before surgery to evaluate the risk of anesthesia and of the procedure to be performed.</p> <p>This STANDARD is not met as evidenced by: Based on policy review, medical record review and interview, it was determined the facility failed to provide documentation that a physician had examined 9 of 20 (Patient's #1, #9, #11, #14, #15, #16, #17, #19 and #20) sampled patients immediately before surgery to evaluate the risk of anesthesia and of the procedure to be performed.</p> <p>The findings included:</p> <ol style="list-style-type: none"> <li>1. Review of the facility's "ANESTHETIC STANDARDS OF CARE" policy revealed, "...2. re-evaluation of the patient immediately prior to induction of anesthesia and prior to moderate or deep sedation..."</li> <li>2. Medical record review for Patient #1 documented an admission date of 4/23/11 for right shoulder scope. The "MULTI-DISCIPLINARY PATIENT ASSESSMENT" form dated 4/23/12 did not document when the anesthesia assessment was completed. Review of the Anesthesia Record revealed the Immediate Preop (Preoperative) Assessment was blank. There was no documentation that a physician had examined the patient immediately before induction to evaluate the risk of anesthesia.</li> <li>3. Medical record review for Patient #9 revealed an admission date of 8/31/11 for septoplasty.</li> </ol>	Q 061	<p># 1-11</p> <p>Anesthesia records will be revised to include "reassessment immediately prior to transportation to the Operating Room Suite". This revision was presented and approved at the Medical Executive Committee on 5/8/12.</p> <p>-all anesthesiologists credentialed at the center will be educated of the standard and revised document by 5/31/12.</p> <p>-Chart audits will be completed to assure 100% compliance.</p>	5/31/12	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

*Susan Hart* *Administrator* *5/11/12*

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

145

SUPPLEMENTAL # 1

FORM APPROVED July 29, 2013  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44C0001133	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  04/25/2012
NAME OF PROVIDER OR SUPPLIER  BAPTIST PLAZA SURGICARE, LP			STREET ADDRESS, CITY, STATE, ZIP CODE 2011 CHURCH STREET, LL NASHVILLE, TN 37203		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 061	<p>Continued From page 1</p> <p>The "MULTI-DISCIPLINARY PATIENT ASSESSMENT" form dated 8/31/11 did not documented when the anesthesia assessment was completed. Review of the Anesthesia Record revealed the Immediate Preop Assessment was blank. There was no documentation that a physician had examined the patient immediately before induction to evaluate the risk of anesthesia.</p> <p>4. Medical record review for Patient #11 revealed an admission on 3/6/12 with diagnoses of Right Knee Meniscus Tear. The "MULTI-DISCIPLINARY PATIENT ASSESSMENT" form dated 3/6/12 did not document when the anesthesia assessment was completed. Review of the Anesthesia Record revealed the Immediate Preop Assessment was blank. There was no documentation that a physician had examined the patient immediately before induction to evaluate the risk of anesthesia.</p> <p>5. Medical record review for Patient #14 revealed an admission date of 6/22/11 for right shoulder scope. The "MULTI-DISCIPLINARY ASSESSMENT" form dated 6/22/11 did not document when the anesthesia assessment was completed. Review of the Anesthesia Record revealed the Immediate Preop Assessment was blank. There was no documentation that a physician had examined the patient immediately before induction to evaluate the risk of anesthesia.</p> <p>6. Medical record review for Patient #15 documented an admission date of 12/7/11 for Right Upper Lid Ptosis Repair. The</p>	Q 061	See page 1 of 9.		

DEPARTMENT OF HEALTH AND HUMAN SERVICES<sup>146</sup>  
CENTERS FOR MEDICARE & MEDICAID SERVICES

SUPPLEMENTAL #1

PRINTED: 06/02/2012  
FORM APPROVED  
JULY 29, 2013  
OMB NO. 0938-0391  
11:14 am

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  <b>44C0001133</b>	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  <b>04/25/2012</b>
NAME OF PROVIDER OR SUPPLIER  <b>BAPTIST PLAZA SURGICARE, LP</b>			STREET ADDRESS, CITY, STATE, ZIP CODE <b>2011 CHURCH STREET, LL NASHVILLE, TN 37203</b>		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 061	<p>Continued From page 2</p> <p>"MULTI-DISCIPLINARY PATIENT ASSESSMENT" form dated 12/7/11 did not document when the anesthesia assessment was completed. Review of the Anesthesia Record revealed the Immediate Preop Assessment was blank. There was no documentation that a physician had examined the patient immediately before induction to evaluate the risk of anesthesia.</p> <p>7. Medical record review for Patient #16 revealed an admission date of 7/13/11 for right wrist fusion. The "MULTIDISCIPLINARY ASSESSMENT" form dated 7/13/11 did not document when the anesthesia assessment was completed. Review of the Anesthesia Record revealed the Immediate Preop Assessment was blank. There was no documentation that a physician had examined the patient immediately before induction to evaluate the risk of anesthesia.</p> <p>8. Medical record review for Patient #17 revealed an admission date of 12/18/11 for Bilateral Myringotomy with Tubes. The "MULTIDISCIPLINARY ASSESSMENT" form dated 12/8/11 did not document when the anesthesia assessment was completed. Review of the Anesthesia Record revealed the Immediate Preop Assessment was blank. There was no documentation that a physician had examined the patient immediately before induction to evaluate the risk of anesthesia.</p> <p>9. Medical record review for Patient #19 revealed an admission date of 3/9/12 for Bilateral Hernia Repair. The "MULTIDISCIPLINARY ASSESSMENT" form dated 3/9/12 did not</p>	Q 061	See page 1 of 9.		

DEPARTMENT OF HEALTH AND HUMAN SERVICES<sup>147</sup>  
CENTERS FOR MEDICARE & MEDICAID SERVICES

SUPPLEMENTAL - # 1

PRINTED: 05/02/2012

FORM 29-2012

OMB NO 10938-0001

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44C0001133	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  04/25/2012
NAME OF PROVIDER OR SUPPLIER  BAPTIST PLAZA SURGICARE, LP			STREET ADDRESS, CITY, STATE, ZIP CODE 2011 CHURCH STREET, LL NASHVILLE, TN 37203		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 061	Continued From page 3 document when the anesthesia assessment was completed. Review of the Anesthesia Record revealed the Immediate Preop Assessment was blank. There was no documentation that a physician had examined the patient immediately before induction to evaluate the risk of anesthesia.  10. Medical record review for Patient #20 documented an admission date of 4/24/12 for Petit Lift. The "MULTI-DISCIPLINARY PATIENT ASSESSMENT" form dated 4/24/12 did not document when the anesthesia assessment was completed. Review of the Anesthesia Record revealed the Immediate Preop Assessment was blank. There was no documentation that a physician had examined the patient immediately before induction to evaluate the risk of anesthesia.  11. During an interview in the Business Office on 4/24/12 at 9:50 AM, Nurse #1 was asked where the Immediate Pre-Op assessment was documented. This surveyor pointed to the blank space under Immediate Preop Assessment on the Anesthesia Record, Nurse #1 confirmed, "...they [Anesthesia group] usually don't fill that out..."  During an interview in the Business Office on 4/24/12 at 4:20 PM, Nurse #4 confirmed "...no time on them [the blank space under Immediate Preop Assessment]."	Q 061			
Q 181	416.48(a) ADMINISTRATION OF DRUGS  Drugs must be prepared and administered according to established policies and acceptable standards of practice.	Q 181	#1: Expired medications noted in summary #1 have now been added to the "Expired Crash Cart" monthly review.	5/11/12	

DEPARTMENT OF HEALTH AND HUMAN SERVICES<sup>148</sup>  
CENTERS FOR MEDICARE & MEDICAID SERVICES

SUPPLEMENTAL #1

PRINTED: 05/02/2012  
FORM CMS-2567  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44C0001133	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  04/25/2012
NAME OF PROVIDER OR SUPPLIER  BAPTIST PLAZA SURGICARE, LP			STREET ADDRESS, CITY, STATE, ZIP CODE 2011 CHURCH STREET, LL NASHVILLE, TN 37203		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 181	Continued From page 4  This STANDARD is not met as evidenced by: Based on policy review, observation and interview, it was determined the facility failed to remove expired medications, failed to properly label medications and failed to secure medications for 3 of 3 (PAIN Procedure Room, Post Anesthesia Care Unit, and Preoperative) medication storage areas.  The findings included:  1. Review of the facility's "CRASH CART" policy documented, "...CRASH CART CHECKLIST...3. Drug outdates are checked monthly. Any drugs that will expire in the next month are replaced..." The facility's "Medication Management storage, Security, and Disposal of Medications" policy documented "...I. Medications are stored in designated secured areas in PACU [Post Anesthesia Care Unit] and PREOP [Preoperative] and the PAIN Procedure Room ...XI. Outdated medications will be removed from stock..."  2. Observation in the unattended unlocked Pain Room supply cabinet on 4/23/12 at 3:00 PM, revealed 6 syringes labeled Lidocaine 2% expiration 1700. The syringes were unattended, unsecured and were not labeled correctly. Further observation revealed 2 syringes with 2 cc (cubic centimeters) of clear liquid and 1 syringe with 1 cc. of clear liquid with no label.  3. Observation in the PACU on 4/24/12 at 7:50 AM, revealed 1 vial of Verapamil with an	Q 181	# 2, 4, # 5: Facility staff and anesthesia providers to be re-educated on medication management related to approved syringe/medication labeling and handling/disposal of medications. Facility performance improvement team will perform random audits for compliance.  # 3) Critical medications needed for patient care but are on a "national back-order" and unavailable for immediate replacement will be evaluated by pharmacist and Medical Director for alternative medication selection until exact replacement can	by 5/31/12	5/1/12



DEPARTMENT OF HEALTH AND HUMAN SERVICES 149  
CENTERS FOR MEDICARE & MEDICAID SERVICES

SUPPLEMENTAL #1

FORM APPROVED  
OMB NO. 0938-0391  
11-14 am

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44C0001133	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED  04/25/2012
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NAME OF PROVIDER OR SUPPLIER

BAPTIST PLAZA SURGICARE, LP

STREET ADDRESS, CITY, STATE, ZIP CODE

2011 CHURCH STREET, LL  
NASHVILLE, TN 37203

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
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Q 181

Continued From page 5  
expiration date of 1/12.

4. Observation of the Anesthesia Cart at the Nurses Station in the Preop Holding Area on 4/25/12 at 8:55 AM, revealed a syringe labeled 10 cc. Lidocaine. The syringe was labeled incorrectly. Observation at 8:58 AM, revealed the 10 cc. syringe of Lidocaine was unattended.

5. During an interview in the Pain Room on 4/25/12 at 8:50 AM, Nurse #1 confirmed the unlabeled syringes should not have been in the cabinet in the Pain Room.

During an interview at the Nurses Station in the Preop Hall on 4/25/12 at 8:55 AM, Nurse #1 stated "...they [Anesthesia] are responsible for it [syringe with medication found on top of Anesthesia Cart], we don't even touch it ..."

During an interview in the Business Office on 4/25/12 at 9:30 AM, Nurse #1 stated "...We don't have a policy on unattended meds [medications], why do we need one..."

Q 241

416.51(a) SANITARY ENVIRONMENT

The ASC must provide a functional and sanitary environment for the provision of surgical services by adhering to professionally acceptable standards of practice.

This STANDARD is not met as evidenced by:  
Based on policy review, observation, and interview it was determined the facility failed to ensure practices to prevent the spread of infection were maintained for glucometers and supplies.

Q 181

occurs. This process will be documented and all staff will be notified of changes.

Q 241

#1 & #2 - All center staff will receive renewed educational material for assuring patients are cared for in a sanitary environment. This training and audit process will include appropriate

5/31/12

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

150

SUPPLEMENTAL # 1

FORM APPROVED  
OMB NO. 0938-0391  
JULY 29, 2013  
11:14 am

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44C0001133	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED  04/25/2012
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NAME OF PROVIDER OR SUPPLIER

BAPTIST PLAZA SURGICARE, LP

STREET ADDRESS, CITY, STATE, ZIP CODE

2011 CHURCH STREET, LL  
NASHVILLE, TN 37203

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
Q 241	Continued From page 6  The findings included:  1. Review of the facility's "INFECTION CONTROL SURVEILLANCE" policy, documented "...To monitor and evaluate potential infections using the definitions of infections based on guidelines provided by the Centers for Disease Control [CDC]..."  2. Observation in the medication room on 4/23/12 at 1:00 PM, revealed dried blood on the screen of glucometer #1.  During an interview in the Medication Room on 4/23/12 at 1:00 PM, Nurse #1 was asked how often the staff cleans the glucometers. Nurse #1 stated, "...suppose to be after every use..."  During an interview in the Business Office on 4/25/12 at 8:20 AM, Nurse #3 stated, "...Pretty sure we use CDC guidelines..." Nurse #3 was then asked if the glucometers were cleaned after each use. Nurse #3 stated "probably not". Nurse #1 then stated, "no they're [nurses] not, they [surveyors] know they are not because they [surveyor] saw blood on one of them..."  During an interview in the PACU (Post Anesthesia Care Unit) on 4/24/12 at 7:40 AM, Nurse #2 stated, "clean twice a day" when asked how often the glucometers are cleaned.  During an interview in the business office on 4/25/12 at 9:15 AM, Nurse #3 was asked for clarification if the facility does follow CDC guidelines. Nurse #3 responded, "mm-hmm..."	Q 241	cleaning of equipment between patients and CDC guidelines.  #3, #4 : #5 = all staff have been educated to review expiration dates on the EKG electrodes. The expiration date of the PACU crash cart has been updated with regards to the pediatric electrodes and will be reviewed monthly. Braslow box now has a list of equipment with expiration dates and located on the PACU crash cart. All expired items have been removed and will be	5/31/12

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

151

SUPPLEMENTAL #1

PRINTED: 06/02/2012  
FORM APPROVED  
OMB NO. 0938-0391  
JULY 29 2012  
11:14 am

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44C0001133	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  04/25/2012
NAME OF PROVIDER OR SUPPLIER  BAPTIST PLAZA SURGICARE, LP			STREET ADDRESS, CITY, STATE, ZIP CODE 2011 CHURCH STREET, LL NASHVILLE, TN 37203		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 241	<p>Continued From page 7</p> <p>3. Observation in the clean utility room supply area on 4/23/12 at 12:55 PM, revealed 1 package of multifunction electrodes with an expiration date of 2/12.</p> <p>Observation in the preoperative holding area on a table in the hall beside the clean utility room on 4/23/12 at 12:55 PM, revealed 3 opened packages of resting electrocardiogram electrodes with an expiration date of 5/2008.</p> <p>During an interview in the preoperative holding area on 4/23/12 at 12:55 PM, Nurse #1 confirmed the staff does use the electrodes and the expiration date of both items.</p> <p>4. Observation in the Post Anesthesia Care Unit (PACU) crash cart on 4/24/12 at 7:40 AM, revealed 1 package of infant polyhesive electrodes expired 1/12.</p> <p>During an interview in the PACU on 4/24/12 at 8:10 AM, Nurse #1 stated "...the electrodes are on back order..."</p> <p>5. Observations of the Broselow bag in the PACU on 4/24/12 at 7:55 AM, revealed Intravenous (IV) Delivery Modules for the pink, purple, yellow, white, blue, orange, and green modules expired 9/11.</p> <p>During an interview in the PACU on 4/24/12 at 7:55 AM, the Regional Vice President confirmed the IV delivery modules were expired.</p> <p>During an interview in the PACU on 4/24/12 at 8:10 AM, Nurse #1 stated, "we just got the Broselow bag 13-14 months ago, it is suppose to</p>	Q 241	checked monthly.		

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

152

SUPPLEMENTAL #1

FORM APPROVED  
OMB NO. 0938-0391  
11:14 am

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  <b>44C0001133</b>	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  <b>04/25/2012</b>
NAME OF PROVIDER OR SUPPLIER  <b>BAPTIST PLAZA SURGICARE, LP</b>			STREET ADDRESS, CITY, STATE, ZIP CODE <b>2011 CHURCH STREET, LL NASHVILLE, TN 37203</b>		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
Q 241	Continued From page 8 be good for 2 years..."	Q 241			

## Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TNP535157	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  04/25/2012
NAME OF PROVIDER OR SUPPLIER  BAPTIST PLAZA SURGICARE, LP			STREET ADDRESS, CITY, STATE, ZIP CODE 2011 CHURCH STREET, LL NASHVILLE, TN 37203		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE	
A 614	1200-8-10-.06 (1)(n) Basic Services  (1) Surgical Services.  (n) Properly executed informed consent, advance directive, and organ donation forms must be in the patient's chart before surgery, except in emergencies.  This Rule is not met as evidenced by: Based on medical record review and interview, it was determined the facility failed to obtain organ donation preference for 20 of 20 (Patient's #1-20) sampled patients.  The findings included:  Medical record review for patient's 1 through 20 revealed no documentation of organ donation preference in the medical records.  During an interview in the business office on 4/12/12 at 9:50 AM, the Clinical Director stated, "We don't ask for that."	A 614	Organ donation information will be obtained from each patient and center documents will be revised to reflect this improvement. The facility's Medical Executive Committee has approved the document on 5/8/12. All staff who are responsible for obtaining this information have been educated and chart audits will be conducted for compliance.	5/31/12	

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

STATE FORM

TITLE

(X6) DATE

SBUD11

If continuation sheet 1 of 1

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

154

SUPPLEMENTAL # 1

FORM APPROVED  
OMB NO. 0938-0397  
JULY 29, 2013

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44C0001133	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - BAPTIST SURGICARE B. WING _____	(X3) DATE SURVEY COMPLETED 04/24/2012
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NAME OF PROVIDER OR SUPPLIER

BAPTIST PLAZA SURGICARE, LP

STREET ADDRESS, CITY, STATE, ZIP CODE

2011 CHURCH STREET, LL  
NASHVILLE, TN 37203

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
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K 021 416.44(b)(1) LIFE SAFETY CODE STANDARD

Any door with a required fire protection rating, such as stairways, exit passageways, horizontal exits, smoke barriers, or hazardous area enclosures, if held open, is arranged to close automatically by the actuation of the manual fire alarm system and either smoke detectors arranged to detect smoke on either side of the opening or a complete automatic sprinkler system. 20.2.2.3, 21.2.2.3

This STANDARD is not met as evidenced by:  
Based on observation, it was determined the facility failed to protect the support corridor.

The findings included:

Observation of the support corridor on 4/24/12 at 9:43 AM, revealed the two doors to the bulk supply room and door to the bio-hazard room room were blocked open with door wedges.

This finding was verified by the administrator during the exit conference on 4/24/12.

K 130 NFPA 101 MISCELLANEOUS

OTHER LSC DEFICIENCY NOT ON 2786

This STANDARD is not met as evidenced by:  
1. National Fire Protection Association (NFPA) 80, 15-1.2 Operability.  
Doors, shutters, and windows shall be operable at all times. They shall be kept closed and latched or arranged for automatic closing.

K 021 Both doors will be connected to the fire alarm release system with the magnetic controllers. The center has obtained a work order and quote from the electrician for the work to be completed. 5/31/12

K 130 #1: New door latching mechanisms have been purchased for the fire rated doors. 5/31/12  
#2: Fire wall penetration 4/24/12 was corrected on 4/24/12. All construction vendors will be monitored going forward.

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

*Susan Stant Administrator* 5/11/12

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

155

**SUPPLEMENTAL # 1**

PRINTED 04/26/2012  
FORM APPROVED  
OMB NO: 0938-0391  
JUL 29 2013  
11:14 am

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  <b>44C0001133</b>	(X2) MULTIPLE CONSTRUCTION A. BUILDING <b>01 - BAPTIST SURGICARE</b> B. WING _____	(X3) DATE SURVEY COMPLETED  <b>04/24/2012</b>
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NAME OF PROVIDER OR SUPPLIER

**BAPTIST PLAZA SURGICARE, LP**

STREET ADDRESS, CITY, STATE, ZIP CODE

**2011 CHURCH STREET, LL  
NASHVILLE, TN 37203**

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
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K 130 Continued From page 1

K 130

2. NFPA 101, 8.3.6 Penetrations and  
Miscellaneous Openings in Floors and Smoke  
Barriers.

8.3.6.1

Pipes, conduits, bus ducts, cables, wires, air  
ducts, pneumatic tubes and ducts, and similar  
building service equipment that pass through  
floors and smoke barriers shall be protected as  
follows:

(1) The space between the penetrating item and  
the smoke barrier shall meet one of the following  
conditions:

a. It shall be filled with a material that is capable  
of maintaining the smoke resistance of the smoke  
barrier.

b. It shall be protected by an approved device  
that is designed for the specific purpose.

(2) Where the penetrating item uses a sleeve to  
penetrate the smoke barrier, the sleeve shall be  
solidly set in the smoke barrier, and the space  
between the item and the sleeve shall meet one  
of the following conditions:

a. It shall be filled with a material that is capable  
of maintaining the smoke resistance of the smoke  
barrier.

b. It shall be protected by an approved device  
that is designed for the specific purpose.

(3) Where designs take transmission of vibration  
into consideration, any vibration isolation shall  
meet one of the following conditions:

a. It shall be made on either side of the smoke  
barrier.

b. It shall be made by an approved device that  
is designed for the specific purpose.

Based on observations, it was determined the  
facility failed to maintain the fire doors and fire  
walls.

DEPARTMENT OF HEALTH AND HUMAN SERVICES 156  
CENTERS FOR MEDICARE & MEDICAID SERVICES

SUPPLEMENTAL - # 1

PRINTED: 04/26/2012  
FORM 29-2013  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44C0001133	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - BAPTIST SURGICARE B. WING _____		(X3) DATE SURVEY COMPLETED  04/24/2012
NAME OF PROVIDER OR SUPPLIER  BAPTIST PLAZA SURGICARE, LP			STREET ADDRESS, CITY, STATE, ZIP CODE 2011 CHURCH STREET, LL NASHVILLE, TN 37203		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)		ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE

K 130 Continued From page 2

K 130

The findings included:

1. Observation of the pre operation and recovery room on 4/24/12 at 9:53 AM, revealed the fire door would not positively latch.

2. Observation on 4/24/12 at 10:10 Am, revealed a fire wall penetration above the ceiling next to the employee entrance.

These findings were verified by the administrator during the exit conference on 4/24/12.



**Attachment D**

July 29, 2013

11:14 am

AFFIDAVIT

2013 JUL 29 AM 11 17

STATE OF TENNESSEE

COUNTY OF WilliamsonNAME OF FACILITY: Baptist Plaza Surgicare, LP

I, M. Corey Ridgway, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

[Signature] Market President  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 29<sup>th</sup> day of July, 2013,  
witness my hand at office in the County of Williamson, State of Tennessee.

[Signature]  
NOTARY PUBLIC

My commission expires 11/2/2013.

HF-0043

Revised 7/02



**COPY-**  
**SUPPLEMENTAL-2**

**Baptist Plaza Surgicare**

**CN1307-029**



United Surgical Partners

INTERNATIONAL

2013 JUL 31 AM 11 33

July 31, 2013

Via Hand Delivery

Philip M. Earhart  
Health Services Development Examiner  
Health Services and Development Agency  
Frost Building, 3rd Floor  
161 Rosa L. Parks Boulevard  
Nashville, TN 37243

RE: Certificate of Need Application CN1307-029  
Baptist Plaza Surgicare – Relocation of an existing ASTC

Dear Mr. Earhart:

Thank you for your letter of July 30, 2013 acknowledging receipt of our supplemental response for our Certificate of Need application for the relocation of our existing ASTC. At your request, we are responding to one more item, below. This information is provided in triplicate, including a signed affidavit.

**1. Section C. Need Item 1. (Specific Criteria – Construction, Renovation) Item 2. A.**

The applicant states the Tennessee Department of Health, Division of Health Care Facilities also identified similar physical plant and life safety issues. Furthermore, the applicant reports the 2009 State investigation concluded those issues were beyond the control of the ASTC, were unresolved and remain an on-going concern. Please discuss the issues identified by the Division of Health Care Facilities. Please provide a copy of the Tennessee Department of Health, Division of Health Care Facilities 2009 survey and/or reports.

Response: A copy of the Tennessee Department of Health, Division of Health Care Facilities 2009 survey and five-page report is presented in **Attachment A**. Please refer to pages two and three, in particular, extracted below.

**416.44(b)(1) LIFE SAFETY CODE STANDARD**

Heating, ventilating, and air-conditioning comply with the manufacturer's specifications and section 9.2.  
20.5.2.1, 21.5.2.1

This STANDARD is not met as evidenced by:

Mr. Philip M. Earhart  
July 31, 2013  
Page 2

July 31, 2013  
11:41 am

Based on observation and interview, it was determined the facility failed to maintain the Heating Ventilation and the Air-Condition system as required. National Fire Protection Association 90A; 90B-4; 101,21 . 5.2.1.

The findings included:

During the facility tour on 10/6/09 the following deficiencies were noted and verified by the facility Administrator.

At approximately 11:50AM, observation within the loading dock area revealed the air-intake supply for the heating and cooling system (air handling unit) was located in the direct path of automobile emission.

Further discussion with the facility administrator revealed, the ambient air supply smelled contaminated with gas fumes on a number of occasions.

As stated in the plan of corrective action, "This issue was discussed with *Property Mgr.*, who will be contacting *building architect* for *possible solution* for this violation" (emphasis added). These building issues are beyond the control of the ASTC tenant, Baptist Plaza Surgicare.

Please refer to page 12 of the original CON application for current site photographs. The sign in the photograph of the Baptist Plaza Surgicare entrance/loading dock area, in front of the electrical boxes, states, "WARNING – Air Intake – Turn Engine Off! – Violators Towed!" Almost four years later, these life safety code violation issues have not been resolved satisfactorily. Diesel fumes still infiltrate the ASTC air handling system at least twice a month.

As stated previously, the existing operating rooms need to be enlarged and the layout needs to be reconfigured. These additional factors also render the existing site no longer feasible.

A signed affidavit is provided in **Attachment B**.

On behalf of Baptist Plaza Surgicare, thank you again for your assistance with this project.

Sincerely,



M. Corey Ridgway  
Market President

Attachments

**Attachment A**

July 31, 2013

11:41 am



State of Tennessee  
DEPARTMENT OF HEALTH  
WEST TENNESSEE REGIONAL OFFICE  
HEALTH CARE FACILITIES  
2975-C Highway 45 Bypass  
Jackson, Tennessee 38305  
Telephone: (731) 984-9684

November 03, 2009

Ms. Laurie McCol, Administrator  
Baptist Plaza Surgicare, LP  
2011 Church Street, LL  
Nashville, TN 37203

RE: Fire Safety Survey

Dear Ms. McCol:

A fire safety recertification/licensure survey was conducted at your facility on October 06, 2009. Your plan of correction for this survey has been received and is found to be acceptable.

Thank you for your cooperation shown during this survey.

Sincerely,

*em*  
*Diane Carter*

Diane Carter, TN, LNCC  
Public Health Nurse Consultant 2

DC/rm

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED July 13, 2013  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44C0001133	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - BAPTIST SURGICARE B. WING _____		(X3) DATE SURVEY COMPLETED  10/06/2009
NAME OF PROVIDER OR SUPPLIER  BAPTIST PLAZA SURGICARE, LP			STREET ADDRESS, CITY, STATE, ZIP CODE 2011 CHURCH STREET, LL NASHVILLE, TN 37203		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
K 017	<p>416.44(b)(1) LIFE SAFETY CODE STANDARD</p> <p>Corridors used as access to exits are separated from use areas by partitions with a fire resistance rating of at least one hour. Fire resistance rating is not required if building fully sprinklered. Doors have at least one 20 minute fire protection rating and are equipped with a positive latch and closing device. Vision panels, if provided, in partitions or doors therein do not exceed 20 inches and install at or below half the distance from the floor to the room ceiling. 20.3.6.2, 38.3.6.1</p> <p>This STANDARD is not met as evidenced by: Based on observation, it was determined the facility failed to protect the fire barriers as required. National Fire Protection Association. (NFPA) 101, 8.3.6.1.</p> <p>The findings included:</p> <p>During the facility tour on 10/6/09 the following deficiencies were noted and verified by the facility Administrator.</p> <p>At approximately 12:30 PM, observation within the Sub Sterile areas between Operating Rooms 3 and 4 and Operating Rooms 5 and 6 revealed there were penetrations in the smoke/fire rated ceiling and walls.</p>	K 017	<p>Hole in ceiling over autoclave between OR 5 &amp; 6 will be repaired. All pipes entering into walls from autoclaves will be caulked with fire rated caulk. Met with Property Manager @ 11:00 am on 10-21-09. He will put work order in for the above items that will be completed within a (2) two week period, by 11-4-09.</p> <p>Administrator will verify that quarterly facility inspections are done to address any violations as they occur and prevent further infractions from occurring.</p>	11-4-09	
K 051	<p>416.44(b)(1) LIFE SAFETY CODE STANDARD</p> <p>A manual fire alarm system, not a pre-signal type, is provided to automatically warn the building occupants. Fire alarm system has initiation</p>	K 051			

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED July 31, 2013  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44C0001133	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - BAPTIST SURGICARE B. WING _____		(X3) DATE SURVEY COMPLETED  10/06/2009
NAME OF PROVIDER OR SUPPLIER  BAPTIST PLAZA SURGICARE, LP			STREET ADDRESS, CITY, STATE, ZIP CODE 2011 CHURCH STREET, LL NASHVILLE, TN 37203		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
K 051	Continued From page 1 notification and control function. The fire alarm system is arranged to automatically transmit an alarm to summon the fire department. 20.3.4.1, 21.3.4.1  This STANDARD is not met as evidenced by: Based on observation, it was determined the facility failed to maintain the corridor fire doors as required. National Fire Protection Association (NFPA) 72; 101, 21.3.4.1.  The findings included:  During the facility tour on 10/6/09 the following deficiency was noted and verified by the facility Maintenance Director  At approximately 1:20 PM observation within the main corridor fire doors next to Operating Room #7 revealed the magnetic block was loose in the wall.	K 051	Repair of mag-lock on fire door in sterile corridor to be repaired by Demay Construction Co.	10-26-09	
K 067	416.44(b)(1) LIFE SAFETY CODE STANDARD  Heating, ventilating, and air-conditioning comply with the manufacturer's specifications and section 9.2. 20.5.2.1, 21.5.2.1  This STANDARD is not met as evidenced by: Based on observation and interview, it was determined the facility failed to maintain the Heating Ventilation and the Air-Condition system as required. National Fire Protection Association 90A; 90B-4; 101, 21. 5.2.1.  The findings included:	K 067			

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICESPRINTED: July 31, 2013  
FORM APPROVED: 10/4/09 am  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44C0001133	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - BAPTIST SURGICARE B. WING _____		(X3) DATE SURVEY COMPLETED  10/06/2009
NAME OF PROVIDER OR SUPPLIER  BAPTIST PLAZA SURGICARE, LP			STREET ADDRESS, CITY, STATE, ZIP CODE 2011 CHURCH STREET, LL NASHVILLE, TN 37203		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
K 067	Continued From page 2  During the facility tour on 10/6/09 the following deficiencies were noted and verified by the facility Administrator.  At approximately 12:15 PM, observation within the central restroom revealed the exhaust system unit was not working.  At approximately 11:50AM, observation within the loading dock area revealed the air-intake supply for the heating and cooling system (air handling unit) was located in the direct path of automobile emission.  Further discussion with the facility administrator revealed, the ambient air supply smelled contaminated with gas fumes on a number of occasions.	K 067	Met with building Property Mgr. @ 11 am on 10/21/09. Work order will be put in for repair of exhaust system serving the facility. Property Mgr. will be responsible for periodic checks on exhaust system to verify ongoing operation.  This issue was discussed with Property mgr, who will be contacting building architect for possible solution for this violation.	11-4-09	
K 114	416.44(b)(1) LIFE SAFETY CODE STANDARD  Ambulatory health care occupancies are separated from other tenants and occupancies by fire barriers with at least a 1 hour fire resistance rating. Doors in such barriers are solid bonded core wood of 1 3/4 inches or equivalent and are equipped with a positive latch and closing device. Vision panels, if provided in fire barriers or doors, are fixed fire window assemblies in accordance with 8.2.3.2.2.  This STANDARD is not met as evidenced by: Based on observation, it was determined the	K 114			

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED July 31, 2013  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  <b>44C0001133</b>	(X2) MULTIPLE CONSTRUCTION A. BUILDING <b>01 - BAPTIST SURGICARE</b> B. WING _____		(X3) DATE SURVEY COMPLETED  <b>10/06/2009</b>
NAME OF PROVIDER OR SUPPLIER  <b>BAPTIST PLAZA SURGICARE, LP</b>			STREET ADDRESS, CITY, STATE, ZIP CODE <b>2011 CHURCH STREET, LL NASHVILLE, TN 37203</b>		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
K 114	<p>Continued From page 3</p> <p>facility failed to protect the fire barriers as required. National Fire Protection Association. (NFPA)101, 8.3.6. 2.</p> <p>The findings included:</p> <p>During the facility tour on 10/6/09 the following deficiencies were noted and verified by the facility Administrator.</p> <p>At approximately 2:10 PM observation within the east exit corridor and storage area revealed there was a penetrations around a two inch sprinkler pipe in the fire rated wall.</p> <p>At approximately 1:58 PM observation within the Pain Center exit ceiling area revealed here were penetration in the two hour fire wall.</p>	K 114	<p>Inspected facility with Property mgr. identified areas needing fire caulk. Work order to be put in for completion by 11-4-09.</p> <p>Future events to be prevented by closer monitoring of outside construction projects by Facility Property management.</p>	11-4-09	

PRINTED July 31, 2013  
 FORM APPROVED

## Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TNP535157	(X2) MULTIPLE CONSTRUCTION A. BUILDING 02 - MAIN BUILDING B. WING _____	(X3) DATE SURVEY COMPLETED  10/06/2009
NAME OF PROVIDER OR SUPPLIER  BAPTIST PLAZA SURGICARE, LP		STREET ADDRESS, CITY, STATE, ZIP CODE 2011 CHURCH STREET, LL NASHVILLE, TN 37203		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
A 801	<p>1200-8-10-.08 (1) Building Standards</p> <p>(1) The Ambulatory Surgical Treatment Center must be constructed, arranged, and maintained to ensure the safety of the patient.</p> <p>This Rule is not met as evidenced by: Based on observation, it was determined the facility failed to maintain the overall surgical center to assure the safety of both staff and patients as required by the Tennessee Department of Health 1200-08-10-08(1).</p> <p>The findings included:</p> <p>During the facility tour on 10/6/09 the following deficiency was noted and verified by the facility Administrator.</p> <p>At approximately 2:30 PM observation within the storage # 2 room revealed a portion of the wall was deeply scotched.</p>	A 801	<p>Hole in wall in Storage Room #2 will be repaired by Demay Construction. Further on future repairs will be detected proactively by implementing quarterly life safety inspections of the facility. The results of which will be forwarded to the Administrator for correction immediately.</p>	10-26-09

Division of Health Care Facilities

TITLE

(X6) DATE

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

STATE FORM

6899

MWHQ21

If continuation sheet 1 of 1

**Attachment B**

AFFIDAVIT

2013 JUL 31 AM 11 33

STATE OF TENNESSEE

COUNTY OF WilliamsonNAME OF FACILITY: Baptist Plaza Surgicare, LP

I, M. Corey Ridgway, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

MCR / Market President  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 31 day of JULY, 2013,  
witness my hand at office in the County of WILLIAMSON, State of Tennessee.

Stuart M. Miller  
NOTARY PUBLIC

My commission expires JUNE 26, 2016.

HF-0043

Revised 7/02



**ADDITIONAL**  
**INFORMATION**

**Baptist Plaza**  
**Surgicare**

**CN1307-029**

172

**RE: Baptist Plaza ASC CON - Case Volume Question**

Bob M. Limyansky [rlimyansky@thestrategyhouse.net]

**Sent:** Tuesday, October 08, 2013 3:40 PM**To:** Mark Farber**Cc:** Phillip M. Earhart; Ridgway, Corey [CRidgway@uspi.com]; TNT-Byron Trauger [btrauger@tntlaw.net]

Mark – Response to item 1 of 3. (You are on top of things!) The numbers are as you state, and they vary by at most 5 cases per year or 0.06%. In short, there is some slight rounding error associated with the three-step projection process. These minor variations are explained as follows.

Step 1. The volume projections in the Need Section (Application page 32) are based upon historical volumes at Baptist Plaza (total facility, all surgical specialties combined) increased by the service area population growth rates. This gives us an overall target projection for Year 1 (2015) and Year 2 (2016).

Step 2. In order to produce the required specialty case detail table (Application page 32, totals 8,492 in Year 1), the total facility case projections were then broken out by eight surgical specialties and 59 individual surgeons based on historical distributions at Baptist Plaza modified for expected practice pattern changes.

Step 3. A sophisticated pro forma financial model developed by USPI is used as the basis for the Projected Data Chart (Application page 41). Historical physician- and specialty-level volumes (each specialty with its own gross and net revenue profiles, etc.) are projected forward by individual physician growth rates.

This three-step projection model results in some very minor rounding errors as I try to “harmonize” the output from one step with the input to the next step, etc. Some very slight rounding occurs in the process of projecting “whole” patient numbers.

---

**From:** Mark Farber [mailto:Mark.Farber@tn.gov]**Sent:** Tuesday, October 08, 2013 10:40 AM**To:** Bob M. Limyansky**Cc:** Phillip M. Earhart**Subject:** FW: Baptist Plaza ASC CON - Case Volume Question

Bob,

This may be picky but just want to be prepared with an answer in case a Board member identifies the discrepancy.

In Need Section of the Application you project 8,488 cases in Year 1 and 8,581 in Year 2. In the Projected Data Chart you have 8,493 in Year 1 and 8,578 in Year 2. Is it different internal data sources or something else?

Thanks,  
Mark

Mark Farber  
Deputy Director  
Health Services and Development Agency  
Frost Building, 3rd Floor  
161 Rosa L. Parks Boulevard  
Nashville, TN 37243

615-741-2364 (office)  
615-741-9884 (fax)

[Mark.Farber@tn.gov](mailto:Mark.Farber@tn.gov) (email)



173

[www.tn.gov/hsda](http://www.tn.gov/hsda) (website)

---

**From:** Phillip M. Earhart  
**Sent:** Tuesday, October 08, 2013 7:49 AM  
**To:** Mark Farber  
**Subject:** FW: Baptist Plaza ASC CON - Case Volume Question

---

**From:** Bob M. Limyansky [<mailto:rlimyansky@thestrategyhouse.net>]  
**Sent:** Monday, October 07, 2013 4:44 PM  
**To:** Phillip M. Earhart  
**Cc:** Ridgway, Corey; TNT-Byron Trauger  
**Subject:** RE: Baptist Plaza ASC CON - Case Volume Question

Hi Phillip. I've attached a replacement page 39 with the three case volume changes noted below. Please let me know if you have any questions. Thanks, Bob

---

**From:** Bob Limyansky  
**Sent:** Thursday, October 03, 2013 2:16 PM  
**To:** Phillip M. Earhart  
**Cc:** Ridgway, Corey; TNT-Byron Trauger  
**Subject:** Baptist Plaza ASC CON - Case Volume Question

Phillip – As you suggested, I compared the surgery case volumes for 2010-2012 on pages 19 and 31 (Supplemental) with the Historical Data Chart on page 39. JAR reports were used for 19 and 31, unaudited internal Monthly Operating Reports (MORs) for 39. The JAR data match what is reported on 19 and 31. The MOR data match what is reported on 39. Even though the MOR data should have been used as inputs for the JARs, there are, as you note, discrepancies. (Three separate individuals completed the JARs from 2010-2012. I will make the applicant aware of these historical numbers in the hope of avoiding such discrepancies in the future.)

- 2010 MOR is 9,247 compared to 2010 JAR of 9,427 (possible transposition error).
- 2011 MOR is 8,739 compared to 2011 JAR of 9,171 (4.7% difference, but trend is still consistent).
- 2012 MOR is 8,251 compared to 2012 JAR of 8,215 (possible transposition error).

These slight differences were noted in our internal project work papers. I personally elected to go with the MORs for the Historical Data Chart since the MORs are the source files for case volumes along with the financial data. I wish the data matched exactly, but I know that does not always occur. In fact, the differences here are relatively small (maximum of 4.7% in 2011) and the trends are still consistent. With approval of the project to correct facility deficiencies, we hope to reverse these volume trends. Please let me know if you require additional clarification. You may call me at the number below.

Thanks, Bob

Robert M. Limyansky, Partner  
THE STRATEGY HOUSE, INC.  
71 Vickery Street  
Roswell, Georgia 30075

174

**RE: Baptist Plaza ASC CON - Case Volume Question**

Bob M. Limyansky [rlimyansky@thestrategyhouse.net]

**Sent:** Tuesday, October 08, 2013 4:08 PM**To:** Mark Farber**Cc:** Phillip M. Earhart; Ridgway, Corey [CRidgway@uspi.com]; TNT-Byron Trauger [btrauger@tntlaw.net]

Response to Question 2 of 3. Information is verified as accurate. Please note the following.

First, the valuation of the project including the 20-year space lease results in a very inflated picture of the true out-of-pocket costs. (Solely my opinion.) However, we believe this presentation of the project costs is required by Agency rules.

Second, the sources of funds you identify in the paragraph below are consistent with the sources of funds identified on Application page 37.

Third, we did present a Financing Analysis at Application Tab 15, Bates page 000215. The amounts available you identify in the paragraph below are consistent with the supporting documentation we provided with the application and total slightly more (0.21%) than the amount required to complete the project.

- We project using only \$2,244,501 of the available \$2,300,000 bank loan
- We project using only \$1,743,080 of the allocated \$1,750,000 from the applicant's cash reserves

The paragraph below is accurate as to the amount of funds available from each source to complete the project. The Financing Analysis at Tab 15 is accurate as to the amount of funds expected to be used from each source to complete the project.

---

**From:** Mark Farber [mailto:Mark.Farber@tn.gov]**Sent:** Tuesday, October 08, 2013 12:13 PM**To:** Bob M. Limyansky**Cc:** Phillip M. Earhart**Subject:** RE: Baptist Plaza ASC CON - Case Volume Question

Bob,

When you get back with me this afternoon, please also verify that the following is an accurate summary of the proposed financing for the project.

Thanks,  
Mark

**Financing**

As noted above the total project cost is \$29,836,377. The breakdown for the financing is as follows:

\$21,288,796-Lease Expense over 20 years- Paid as a monthly operating expense.

\$1,750,000- Cash Reserves of the Applicant

\$2,300,000-Commercial Loan from 1<sup>st</sup> Tennessee Bank-7 year term

\$1,425,000 (or \$50/SF)-Tenant Improvement Base Allowance by Landlord

\$3,135,000 (or \$110/SF) Tenant Improvement \*Excess Allowance by Landlord

\*(To be paid back by applicant at 8% over 20 years.)

175

**\$29,898,796-Total**

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**From:** Bob M. Limyansky [rlimyansky@thestrategyhouse.net]  
**Sent:** Tuesday, October 08, 2013 11:07 AM  
**To:** Mark Farber  
**Subject:** RE: Baptist Plaza ASC CON - Case Volume Question

Understand. In meetings. Will call and/or email after lunch. Thanks, Bob

---

**From:** Mark Farber [mailto:Mark.Farber@tn.gov]  
**Sent:** Tuesday, October 08, 2013 10:40 AM  
**To:** Bob M. Limyansky  
**Cc:** Phillip M. Earhart  
**Subject:** FW: Baptist Plaza ASC CON - Case Volume Question

Bob,

This may be picky but just want to be prepared with an answer in case a Board member identifies the discrepancy.

In Need Section of the Application you project 8,488 cases in Year 1 and 8,581 in Year 2. In the Projected Data Chart you have 8,493 in Year 1 and 8,578 in Year 2. Is it different internal data sources or something else?

Thanks,  
Mark

Mark Farber  
Deputy Director  
Health Services and Development Agency  
Frost Building, 3rd Floor  
161 Rosa L. Parks Boulevard  
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615-741-2364 (office)  
615-741-9884 (fax)

[Mark.Farber@tn.gov](mailto:Mark.Farber@tn.gov) (email)

[www.tn.gov/hsda](http://www.tn.gov/hsda) (website)

---

**From:** Phillip M. Earhart  
**Sent:** Tuesday, October 08, 2013 7:49 AM  
**To:** Mark Farber  
**Subject:** FW: Baptist Plaza ASC CON - Case Volume Question

---

**From:** Bob M. Limyansky [mailto:rlimyansky@thestrategyhouse.net]  
**Sent:** Monday, October 07, 2013 4:44 PM  
**To:** Phillip M. Earhart  
**Cc:** Ridgway, Corey; TNT-Byron Trauger  
**Subject:** RE: Baptist Plaza ASC CON - Case Volume Question

Hi Phillip. I've attached a replacement page 39 with the three case volume changes noted below. Please let me know if you have any questions. Thanks, Bob

176

**RE: Baptist Plaza ASC CON - Case Volume Question**

Bob M. Limyansky [rlimyansky@thestrategyhouse.net]

**Sent:** Tuesday, October 08, 2013 3:04 PM**To:** Mark Farber**Cc:** Phillip M. Earhart; Melissa Bobbitt; Ridgway, Corey [CRidgway@uspi.com]; TNT-Byron Trauger [btrauger@tntlaw.net]

Mark – Here is the response to 3 of 3. Thanks, Bob

Project progress update on CN1209-046, Franklin Endoscopy Center

This ASTC project involves the build out of surgery space in a new medical office building which must be constructed first. The base building foundation, structural steel and exterior shell are all in various stages of construction at this time. The interior space plans have been submitted for approval (authorization expected any day), construction contract bids are due back 10/10/2013 and interior build out will begin shortly thereafter. The project is on schedule to be completed by its original February 2014 target date.

---

**From:** Mark Farber [mailto:Mark.Farber@tn.gov]**Sent:** Tuesday, October 08, 2013 3:05 PM**To:** Bob M. Limyansky**Cc:** Phillip M. Earhart; Melissa Bobbitt**Subject:** RE: Baptist Plaza ASC CON - Case Volume Question

Bob,

One more thing. I will need a 2-3 sentence project progress update on CN1209-046, Franklin Endoscopy Center. Hate to be a nag but we are trying to mailout Thursday morning prior to our move on Friday. If you could get this information on Baptist Surgicare and Franklin Endoscopy Center by the end of business today, I would be eternally grateful. (I will at least not mention that a certain team in the Atlanta area is no longer in the playoffs)

Thanks,  
Mark

---

**From:** Mark Farber**Sent:** Tuesday, October 08, 2013 11:12 AM**To:** Bob M. Limyansky**Cc:** Phillip M. Earhart**Subject:** RE: Baptist Plaza ASC CON - Case Volume Question

Bob,

When you get back with me this afternoon, please also verify that the following is an accurate summary of the proposed financing for the project.

Thanks,  
Mark

**Financing**

As noted above the total project cost is \$29,836,377. The breakdown for the financing is as follows:

\$21,288,796-Lease Expense over 20 years- Paid as a monthly operating expense.

\$1,750,000- Cash Reserves of the Applicant



JUL 10 AM 11 08

## LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Tennessean which is a newspaper  
of general circulation in Davidson, Tennessee, on or before July 10, 2013  
(County) (Month / day) (Year)  
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency,

Baptist Plaza Surgicare an existing Ambulatory Surgical Treatment Center (ASTC)  
(Name of Applicant) (Facility Type-Existing)

owned by: Baptist Plaza Surgicare, L.P. with an ownership type of limited partnership

and to be managed by: United Surgical Partners International, Inc. intends to file an application for a Certificate of Need  
for [PROJECT DESCRIPTION BEGINS HERE]:

the relocation of the existing ASTC with nine (9) outpatient surgery operating rooms, and one (1) surgical procedure suite. Construction of approximately 28,500 rentable square feet of space in a new medical office building will be required. The existing facility is located at 2011 Church Street, Medical Plaza I Lower Level, Nashville, TN 37203 (Davidson County). The proposed facility will be located at the northeast corner of the intersection of Church Street and 20th Avenue North, Nashville, TN, 37203 (Davidson County). The total cost of the project is estimated to be \$29,836,377 (based upon sum of lease payments for initial 20 year term).

The anticipated date of filing the application is: July 15, 2013

The contact person for this project is Corey Ridgway Market President  
(Contact Name) (Title)

who may be reached at: United Surgical Partners International, Inc. 8 Cadillac Drive, Suite 200  
(Company Name) (Address)

Brentwood TN 37027 615-376-7300  
(City) (State) (Zip Code) (Area Code / Phone Number)

[Signature] 7/8/13 CRidgway@uspi.com  
(Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency  
The Frost Building, Third Floor  
161 Rosa L. Parks Boulevard  
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**CERTIFICATE OF NEED  
REVIEWED BY THE DEPARTMENT OF HEALTH  
DIVISION OF HEALTH POLICY, PLANNING AND ASSESSMENT  
OFFICE OF HEALTH STATISTICS  
615-741-1954**

**DATE:** September 3, 2013

**APPLICANT:** Baptist Plaza Surgicare  
Unaddressed site at the northeast corner of  
Church Street and 20<sup>th</sup> Avenue North

CON# CN1307-029

**CONTACT PERSON:** Corey Ridgeway, Market President  
United Surgical Partners International, Inc.  
8 Cadillac Drive, Suite 200  
Brentwood, Tennessee 37027

**COST:** \$29,836,377.00

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with Tennessee State Health Plan, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

**SUMMARY:**

Baptist Plaza Surgicare, LP (Baptist Plaza), located in Nashville, (Davidson County), Tennessee, seeks Certificate of Need (CON) approval for the relocation of the existing Baptist Plaza ASTC at 2011 Church Street, to a new medical office building located approximately one-half block from the current site, but along 20<sup>th</sup> Avenue North. The applicant is not initiating any new services or CON reviewable equipment.

Baptist Plaza Surgicare, LP, an existing ambulatory surgical treatment center, is a joint venture between Saint Thomas Health, United Surgical Partners International and area physicians. The joint venture owns and operates 14 surgery centers and endoscopy centers in the Nashville area, with 6 centers in Davidson County, 3 in Rutherford County, 2 in Wilson County, and 1 each in Coffee, Sumner and Williamson Counties.

The new location will implement a more rectangular design expanding four of the nine existing operating rooms to 480 square feet. This increased room design will accommodate staff and equipment associated with more complex surgical cases. The new design will promote efficiency and reduce travel distances for physicians and staff. Additionally, pre-op cubicles will be increased from 12 to 13, and post anesthesia cubicles will be increased from 10 to 18.

This project requires the construction of approximately 25,141 square feet, at an estimated cost of \$174.88 per square foot, which is comparable to other recently approved projects. The total estimated project cost is \$29,836,377.00. Of the total cost, \$21,288,796 is included as lease payments over the initial 20 year term. The remaining balance of \$8,547,581 is funded by landlord tenant improvement allowances, bank financing and existing funds, as described in Attachment C, Economic Feasibility 2, pages 215, 216, 217. No major equipment is proposed.

### GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in Tennessee's State Health Plan.

#### NEED:

The applicant's service area consists of Cheatham, Davidson, Robertson, Rutherford, Sumner, Williamson and Wilson counties. A map of the service area is included on page 197 of the application.

County	2013 Population	2017 Population	% Increase/ (Decrease)
Cheatham	39,603	40,544	2.4
Davidson	649,507	676,131	4.1
Robertson	69,336	73,421	5.9
Rutherford	285,141	320,172	12.3
Sumner	169,409	180,639	6.6
Williamson	198,045	218,093	10.1
Wilson	121,626	131,118	7.8
<b>Total</b>	<b>1,532,667</b>	<b>1,640,118</b>	<b>7.0</b>

Source: *Tennessee Population Projections 2000-2020, February 2010 Revision*, Tennessee Department of Health, Division of Policy, Planning, and Assessment

Baptist Plaza has a need to relocate its ASTC services from the current location to another medical office building approximately one-half mile away, across the street from Baptist Hospital on Church Street. There are several reasons for the relocation request.

The existing location does not allow for needed room expansion and design. The current location uses a long, "bowling alley" type floor plan which is inefficient and requires unnecessary travel for staff, physicians, and equipment. The new design at the proposed location establishes a more rectangular floor plan, allowing easier access to all rooms. The new location also expands four of the operating rooms to provide additional space for more complex surgical cases and the staff and equipment required. In order to redesign the current location, a near complete rebuild is required, thus shutting down the ASTC for several months, making relocation the best option.

The project will improve patient accessibility by relocating from a congested lower level, basement location to a more convenient first floor location. Patients, staff and physicians will have improved access to and from the ASTC.

At the existing site, exhaust fumes from trucks idling in the loading docks sometimes foul the HVAC air intakes, causing fumes to enter the ASTC. This problem was cited on the 2009 Tennessee Department of Health, Division of Health Care Facilities survey, in which the inspector noted the facility failed to maintain the heating ventilation and the air condition system required. The facility provided a plan of corrective action including notice of the deficiency to the property manager, who would address the problem with the architect. These building issues are beyond the control of the ASTC, and have yet to be adequately resolved. The new location will eliminate this problem.

According to the Joint Annual Reports, Baptist Plaza has experienced a patient volume decrease of (17.2%) from 2009 to 2012, with patient volumes of 9,922 and 8,215 respectively. In Supplemental #1, page 4, the applicant notes the decrease in total volume is a result of the loss of pain management physicians. The applicant also attributes this decrease to the recessionary economic trend and is consistent with an overall service area downward volume trend of 3.5% for the same period. Baptist Plaza projects a total volume of 8,493 for year 2015, and 8,578 for year 2016, with a net operating income of \$3,194,996 and \$3,264,559 respectively.

The Projected Costs Chart on page 37 of the application lists \$2,776,126 in Moveable Equipment, however, no single piece of equipment has a cost over the Certificate of Need expense threshold. One C-arm will be purchased for \$140,000, with the no other single items of equipment costing over \$50,000. The balance of the equipment costs pertain to multiple pieces of operating room equipment such as instruments, video towers, GI scopes, microscopes and various other items.

#### **TENNCARE/MEDICARE ACCESS:**

Baptist Plaza participates in Medicare and two of the TennCare MCOs operating in Middle Tennessee. Historically, Baptist Plaza has provided charity care to the medically indigent at a rate of 0.5% of net revenue. According to the ASTC Joint Annual Reports, Baptist Plaza reported \$85,510 of charity care in 2011, and \$98,219 of charity care in 2010.

During the first year of the relocation project, Baptist Plaza's payor mix is expected to be 21.9% Medicare, 1.5% TennCare, and 7.3% self-pay. This amounts to a projected \$16,865,159 in Medicare gross charges in year one, and \$1,155,148 in TennCare gross charges in year one.

#### **ECONOMIC FACTORS/FINANCIAL FEASIBILITY:**

The Department of Health, Division of Policy, Planning, and Assessment has reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine they are mathematically accurate and the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

**Projected Costs Chart:** The Projected Costs Chart is located on page 37 of the application. The total estimated total cost is \$29,836,377.

**Historical Data Chart:** The Historical Data Chart is located on page 40 and 41 of the application. The applicant reports a Net Operating Income of \$5,949,878 for 2010, \$3,964,713 for 2011, and \$3,428,115 in 2012.

**Projected Data Chart:** A Projected Data Chart is included on pages 42 and 43 of the application. For years 2015 and 2016, the number of cases performed at Baptist Plaza is estimated at 8,493 and 8,578. The Net Operating Income is projected at \$3,194,996 for 2015, and \$3,264,559 for 2016.

According to the Projected Data Chart, for 2016, a projected case volume of 8,578 will produce gross operating revenue of \$77,779,958, resulting in an average gross charge of \$9,067. The average deduction from gross revenue will be \$6,612, resulting in an average net charge per case of \$2,455.

#### **CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:**

Baptist Plaza has approximately 44 managed care contracts in place to provide care for its patients. A complete Managed Care Contract listing is provided on pages 48 and 49 of the application.

Baptist Plaza maintains a patient transfer agreement with Baptist Hospital in Nashville. The proposed relocation site is across the street from Baptist Hospital.



This relocation project will positively impact healthcare by improving patient accessibility from a lower level location to a first floor, less congested location. Additionally, fumes from trucks idling in the loading areas of the lower level will no longer be an issue at the new site.

The floor plan of the proposed site will implement a rectangular design reducing the travel distances for staff, physicians, and the movement of patients and equipment. This new design will provide for four larger operating rooms to accommodate staff and equipment associated with more complex surgical cases.

Baptist Plaza is the most utilized ASTC in the metropolitan Nashville area. The extensive renovations required at the existing site could not be accomplished without shutting down the ASTC for several months causing a negative impact on patient care. Relocation to a new site is the best option for Baptist Plaza.

Baptist Plaza has an active license, number 0000000157 expiration 5-25-14, through the Tennessee Department of Health, Board for Licensing Health Care Facilities. The most recent recertification survey results can be found in Supplemental # 1, attachment C.

There are approximately 90 full-time equivalent employees (FTEs) currently at Baptist Plaza. This includes 49 nursing FTEs, 26 surgical technologists, and 15 medical assistants and office staff. No staffing changes are anticipated due to the relocation.

The applicant is not currently involved in any training programs of students in the area, but is willing to consider these relationships with appropriate educational institutions.

#### ***SPECIFIC CRITERIA FOR CERTIFICATE OF NEED***

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in Tennessee's State Health Plan

#### **CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTHCARE INSTITUTIONS**

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

*This criterion is not applicable.*

2. For relocation or replacement of an existing licensed health care institution:

a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

*The above criterion is not applicable.*

3. For renovation or expansions of an existing licensed health care institution:

a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

*Baptist Plaza is the most utilized ASTC in the metropolitan Nashville area. The extensive renovations required at the existing site could not be accomplished*

*without shutting down the ASTC for several months causing a negative impact on patient care. Relocation to a new site is the best option for Baptist Plaza. This project will also improve accessibility by relocating to a first floor level.*

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

*The floor plan of the existing location arranges the operating rooms along a single, straight corridor. This design requires extensive travel for staff and physicians. The proposed relocation floor plan arranges the operating rooms in an L-shaped design, with the nursing stations, and pre-op and post-op areas incorporated in a rectangular design. This design is more efficient and minimizes travel distances for staff, physicians and equipment.*

*Additionally, there is a need to expand four of the operating rooms to accommodate for more complex surgical cases that have been developed. A renovation of this scope would require a complete shutdown of the existing ASTC for several months. Baptist Plaza is one of the largest ASTCs by patient volume in the Nashville metropolitan area. Shutting down the ASTC would have a negative impact on healthcare accessibility.*